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LEGISLATIVE HISTORY

S. 722

VETOED

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INDEX AND SUMMARY OF S. 722

- Jan. 27, 1959 Sen. Douglas and others introduced and Sen. Douglas discussed S. 722 which was referred to the Senate Banking and Currency Committee. Print of bill as introduced and remarks of Sen. Douglas.
- Feb. 9, 1959 Rep. Kilburn introduced H. R. 4278 which was referred to the House Banking and Currency Committee. Print of bill as introduced.
- Feb. 16, 1959 Sen. Dirksen introduced S. 1064, which was referred to the Senate Banking and Currency Committee. Print of bill as introduced and remarks of Sen. Dirksen.
- Mar. 11, 1959 Senate committee voted to report S. 722 with amendments.
- Mar. 18, 1959 Senate committee reported S. 722 with amendments. S. Report No. 110. Print of bill and report.
- Mar. 19, 1959 Senate began debate on S. 722.
- Mar. 20, 1959 Senate continued debate on S. 722.
- Mar. 23, 1959 Senate passed S. 722 with amendments.
- Mar. 24, 1959 S. 722 was referred to the House Banking and Currency Committee. Print of bill as referred.
- Apr. 15, 1959 House subcommittee voted to report S. 722 with amendment in the nature of a substitute.
- May 5, 1959 House committee ordered S. 722 reported.
- May 14, 1959 House committee reported S. 722 with amendment. H. Report No. 360. Print of bill and report.
- Rep. Flood inserted a list of amendments.
- May 18, 1959 Digest of S. 722 as reported by the House committee.
- June 29, 1959 Sen. Byrd, W. Va., urged passage of S. 722.
- July 27, 1959 Rep. Kee criticized the inaction of the Rules Committee in granting a rule on S. 722.

INDEX AND SUMMARY OF S. 722, cont'd:

May 2, 1960	Several Representatives discussed and urged support for S. 722.
May 4, 1960	House passed S. 722 with amendments.
May 5, 1960	Sen. Johnson and others discussed S. 722.
May 6, 1960	Senate agreed to House amendment to S. 722. Several Representatives discussed S. 722.
May 13, 1960	Senate received President's veto message of S. 722. Senate Document 95. Print of document.
May 16, 1960	Several Senators discussed the President's veto of S. 722.
May 24, 1960	Senate sustained President's veto.

HEARINGS:

Senate Banking and Currency Committee on
S. 268, S. 722, and S. 1064, Parts 1 and 2.

House Banking and Currency Committee.
Miscellaneous hearing: "Area Redevelopment
Act."

DIGEST OF S. 722 (VETOED)

AREA REDEVELOPMENT. S. 722, which would have established an Area Redevelopment Administration within the executive branch of the Government to carry out a program to alleviate conditions of substantial unemployment and underemployment in certain economically depressed areas. It would have provided for the establishment of two \$75 million revolving funds from which the Area Redevelopment Administration would have been authorized to make loans for industrial projects in industrial redevelopment areas and rural redevelopment areas. Also, it would have authorized \$50 million for community facility loans, \$35 million for community facility grants, \$10 million for retraining subsistence payments, \$1.5 millions for vocational education, and \$4.5 million for technical assistance.

S. 722

IN THE SENATE OF THE UNITED STATES

JANUARY 27, 1959

Mr. DOUGLAS (for himself, Mr. COOPER, Mr. CLARK, Mr. BEALL, Mr. JACKSON, Mr. ENGLE, Mr. GREEN, Mr. HUMPHREY, Mr. NEUBERGER, Mr. LANGER, Mr. HART, Mr. KENNEDY, Mr. SYMINGTON, Mr. ANDERSON, Mr. PASTORE, Mr. BARTLETT, Mr. CHURCH, Mr. JAVITS, Mr. CHAVEZ, Mr. MCGEE, Mr. CASE of New Jersey, Mr. MCCARTHY, Mr. MANSFIELD, Mr. MORSE, Mr. GRUENING, Mr. RANDOLPH, Mr. BYRD of West Virginia, Mr. HENNINGS, Mr. DODD, Mr. YARBOROUGH, Mr. MONRONEY, Mr. MURRAY, Mr. MAGNUSON, Mr. HARTKE, Mr. CARROLL, Mr. KEFAUVER, Mr. YOUNG of Ohio, Mr. McNAMARA, and Mr. MUSKIE) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act be cited as the "Area Redevelopment Act".

4 DECLARATION OF PURPOSE

5 SEC. 2. The Congress declares that the maintenance of
6 the national economy at a high level is vital to the best in-

1 terests of the United States, but that some of our communi-
2 ties are suffering substantial and persistent unemployment
3 and underemployment; that such unemployment and under-
4 employment cause hardship to many individuals and their
5 families and detract from the national welfare by wasting
6 vital human resources; that to overcome this problem the
7 Federal Government, in cooperation with the States, should
8 help areas of substantial and persistent unemployment and
9 underemployment to take effective steps in planning and
10 financing their economic redevelopment; that Federal as-
11 sistance to communities, industries, enterprises, and indi-
12 viduals in areas needing redevelopment should enable such
13 areas to achieve lasting improvement and enhance the do-
14 mestic prosperity by the establishment of stable and diver-
15 sified local economies; and that under the provisions of this
16 Act new employment opportunities should be created by
17 developing and expanding new and existing facilities and
18 resources without substantially reducing employment in other
19 areas of the United States.

20 AREA REDEVELOPMENT ADMINISTRATION

21 SEC. 3. In order to carry out the purposes of this Act,
22 there is hereby established, within the executive branch of
23 the Government, an Area Redevelopment Administration.
24 Such Administration shall be under the direction and control
25 of an Administrator (hereinafter referred to as the "Admin-

1 istrator”) who shall be appointed by the President, by and
2 with the advice and consent of the Senate, and shall be
3 compensated at the rate of \$20,000 per annum.

4 ADVISORY BOARD

5 SEC. 4. (a) To advise the Administrator in the per-
6 formance of functions authorized by this Act, there is author-
7 ized to be created an Area Redevelopment Advisory Board
8 (hereinafter referred to as the “Board”), which shall con-
9 sist of the following members, all ex officio: The Administra-
10 tor as Chairman; the Secretaries of Agriculture; Commerce;
11 Defense; Health, Education, and Welfare; Interior; Labor;
12 and Treasury; the Administrators of the General Services
13 Administration; Housing and Home Finance Agency; and
14 Small Business Administration; and the Director of the Of-
15 fice of Defense Mobilization.

16 The Chairman may from time to time invite the partici-
17 pation of officials of other agencies of the executive branch
18 interested in the functions herein authorized. Each member
19 of the Board may designate an officer of his agency to act
20 for him as a member of the Board with respect to any
21 matter there considered.

22 (b) The Administrator shall appoint a National Public
23 Advisory Committee on Area Redevelopment which shall
24 consist of twenty-five members and shall be composed of
25 representatives of labor, management, agriculture, and the

1 public in general. From the members appointed to such
2 Committee the Administrator shall designate a Chairman.
3 Such Committee, or any duly established subcommittee
4 thereof, shall from time to time make recommendations to
5 the Administrator relative to the carrying out of his duties
6 under this Act. Such Committee shall hold not less than
7 two meetings during each calendar year.

8 (c) The Administrator is authorized from time to time
9 to call together and confer with representatives of the vari-
10 ous parties in interest from any industry, including agricul-
11 ture, which has been a primary source of high levels of
12 unemployment or underemployment in the several areas
13 designated by the Administrator as redevelopment areas.
14 The Administrator may also call upon representatives of
15 interested governmental departments and agencies, together
16 with representatives of transportation and other industries, to
17 participate in any conference convened under authority of
18 this subsection whenever he determines that such participa-
19 tion would contribute to a solution of the problems creating
20 such unemployment or underemployment. The representa-
21 tives at any such conference shall consider with and may
22 recommend to the Administrator plans and programs to
23 further the objectives of this Act with special reference to
24 the industry with respect to which the conference was
25 convened.

REDEVELOPMENT AREAS

SEC. 5. (a) The Administrator shall designate as "industrial redevelopment areas" those industrial areas within the United States in which he determines that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any industrial area in which there has existed unemployment of not less than (1) 12 per centum of the labor force during the twelve-month period immediately preceding the date on which an application for assistance is made under this Act, (2) 9 per centum of the labor force during at least fifteen months of the eighteen-month period immediately preceding such date, or (3) 6 per centum of the labor force during at least eighteen months of the twenty-four-month period immediately preceding such date. Any industrial area in which there has existed unemployment of not less than 15 per centum of the labor force during the six-month period immediately preceding the date on which application for assistance is made under this Act may be designated as an industrial redevelopment area if the Administrator determines that the principal causes of such unemployment are not temporary in nature.

(b) The Administrator shall also designate as "rural redevelopment areas" those rural areas within the United States in which he determines that there exist the largest

1 number and percentage of low-income families, and a condi-
2 tion of substantial and persistent unemployment or under-
3 employment. In making the designations under this sub-
4 section, the Administrator shall consider, among other rele-
5 vant factors, the number of low-income farm families in the
6 various rural areas of the United States, the proportion that
7 such low-income families are to the total farm families of
8 each of such areas, the relationship of the income levels of
9 the families in each such area to the general levels of income
10 in the United States, the current and prospective employ-
11 ment opportunities in each such area, and the availability
12 of manpower in each such area for supplemental employ-
13 ment.

14 (c) In making the determinations provided for in this
15 section, the Administrator shall be guided, but not conclu-
16 sively governed, by pertinent studies made, and information
17 and data collected or compiled, by (1) departments, agen-
18 cies, and instrumentalities of the Federal Government, (2)
19 State and local governments, (3) universities and land-grant
20 colleges, and (4) private organizations.

21 (d) Upon the request of the Administrator, the Secre-
22 tary of Labor, the Secretary of Agriculture, and the
23 Secretary of Commerce are respectively authorized to
24 conduct such special studies, obtain such information, and

1 compile and furnish to the Administrator such data as the
2 Administrator may deem necessary or proper to enable him
3 to make the determinations provided for in this section. The
4 Administrator shall reimburse, out of any funds appropriated
5 to carry out the purposes of this Act, the foregoing officers
6 for any expenditures incurred by them under this section.

7 (e) As used in this Act, the term "redevelopment area"
8 refers to any area within the United States which has been
9 designated by the Administrator as an industrial redevel-
10 opment area or a rural redevelopment area, and may include
11 one or more counties, or one or more municipalities, or a
12 part of a county or municipality.

13 LOANS AND PARTICIPATIONS

14 SEC. 6. (a) The Administrator is authorized to pur-
15 chase evidences of indebtedness and to make loans (including
16 immediate participations therein) to aid in financing any
17 project within a redevelopment area for the purchase or
18 development of land and facilities (including machinery and
19 equipment) for industrial usage, for the construction of new
20 factory buildings, for rehabilitation of abandoned or unoc-
21 cupied factory buildings, or for the alteration, conversion,
22 or enlargement of any existing buildings for industrial use.
23 Such financial assistance shall not be extended for working
24 capital, or to assist establishments relocating from one area

1 to another when such assistance will result in substantial
2 detriment to the area of original location by increasing
3 unemployment.

4 (b) Financial assistance under this section shall be on
5 such terms and conditions as the Administrator determines,
6 subject, however, to the following restrictions and limi-
7 tations:

8 (1) The total amount of loans and loan participations
9 (including purchased evidences of indebtedness) outstanding
10 at any one time under this section (A) with respect to
11 projects in industrial redevelopment areas shall not exceed
12 \$100,000,000, and (B) with respect to projects in rural
13 redevelopment areas shall not exceed \$100,000,000;

14 (2) Except as provided in subsection (c), such assist-
15 ance shall be extended only to applicants, both private and
16 public (including Indian tribes), which have been approved
17 for such assistance by an agency or instrumentality of the
18 State or political subdivision thereof in which the project to
19 be financed is located, and which agency or instrumentality
20 is directly concerned with problems of economic develop-
21 ment in such State or subdivision;

22 (3) The project for which financial assistance is sought
23 is reasonably calculated to provide more than a temporary
24 alleviation of unemployment or underemployment within the
25 redevelopment area wherein it is, or will be, located;

1 (4) No such assistance shall be extended hereunder
2 unless the financial assistance applied for is not otherwise
3 available from private lenders or other Federal agencies on
4 reasonable terms;

5 (5) No loans shall be made unless it is determined that
6 an immediate participation is not available;

7 (6) No evidences of indebtedness shall be purchased
8 and no loans shall be made unless it is determined that there
9 is a reasonable assurance of repayment;

10 (7) Subject to section 12 (5) of this Act, no loan,
11 including renewals or extension thereof, may be made
12 hereunder for a period exceeding thirty years and no
13 evidences of indebtedness maturing more than thirty
14 years from date of purchase may be purchased hereunder:
15 *Provided*, That the foregoing restrictions on maturities
16 shall not apply to securities or obligations received by the
17 Administrator as a claimant in bankruptcy or equitable re-
18 organization or as a creditor in other proceedings attendant
19 upon insolvency of the obligor, or if extension or renewal
20 for additional periods, not to exceed, however, a total of ten
21 years, will aid in the orderly liquidation of such loan or of
22 such evidence of indebtedness;

23 (8) Such loans shall bear interest at a rate equal to the
24 rate of interest paid by the Administrator on funds obtained

1 from the Secretary of the Treasury as provided in section 9
2 of this Act, plus one-half of 1 per centum per annum: *Pro-*
3 *vided*, That an amount equal to one-fourth of 1 per centum
4 per annum of the outstanding principal amount of any loan
5 made under this section shall be allocated from the pay-
6 ments received by the Administrator in the form of interest
7 on such loan to a sinking fund to cover losses on loans under
8 this section;

9 (9) Such assistance shall not exceed 65 per centum of
10 the aggregate cost to the applicant (excluding all other Fed-
11 eral aid in connection with the undertaking) of acquiring or
12 developing land and facilities (including machinery and
13 equipment), and of constructing, altering, converting, re-
14 habilitating, or enlarging the building or buildings of the
15 particular project and shall, among others, be on the
16 following conditions:

17 (A) That other funds are available in an amount which,
18 together with the assistance provided hereunder, shall be
19 sufficient to pay such aggregate cost;

20 (B) That not less than 10 per centum of such aggregate
21 cost be supplied by the State or any agency, instrumentality,
22 or political subdivision thereof, or by a community or area
23 organization which is nongovernmental in character, as
24 equity capital or as a loan;

25 (C) That in extending financial assistance under this

1 section with respect to an industrial or rural redevelopment
2 area, the Administrator shall require that not less than 5 per
3 centum of the aggregate cost of the project for which such
4 loan is made shall be supplied by nongovernmental sources;

5 (D) That any Federal financial assistance extended
6 under this section in connection with a particular project
7 shall be repayable only after other loans made in connection
8 with such project and in accordance with this section have
9 been repaid in full. If any Federal financial assistance
10 extended under this section is secured, its security shall be
11 subordinate and inferior to the lien or liens securing other
12 loans made in connection with the same project.

13 (10) No such assistance shall be extended unless there
14 shall be submitted to and approved by the Administrator an
15 overall program for the economic development of the area
16 and a finding by the State, or any agency, instrumentality,
17 or local political subdivision thereof, that the project for
18 which financial assistance is sought is consistent with such
19 program: *Provided*, That nothing in this Act shall authorize
20 financial assistance for any project prohibited by laws of
21 the State or local political subdivision in which the project
22 would be located.

23 (c) If there is no agency or instrumentality in any
24 State, or political subdivision thereof, qualified to approve
25 applicants for assistance under this section as provided in

1 paragraph (2) of subsection (b), the Administrator shall,
2 upon determining that any area in such State is a redevelop-
3 ment area, appoint a local redevelopment committee (here-
4 inafter referred to as a "local committee") to be composed
5 of not less than seven residents of such area who, as nearly
6 as possible, are representative of labor, commercial, indus-
7 trial, and agricultural groups, and of the residents generally
8 of such area. In appointing any such local committee, the
9 Administrator may include therein members of any existing
10 local redevelopment committees. Financial assistance under
11 this section in connection with projects located in a rede-
12 velopment area, for which a local committee has been ap-
13 pointed under this section, shall be extended only to appli-
14 cants, both private and public (including Indian tribes),
15 which have been approved by such local committee.

16 (d) Of the funds authorized to be raised under section 9
17 of this Act, not more than \$100,000,000 shall be deposited
18 in a revolving fund which shall be used for the purpose of
19 making loans under this section with respect to projects in
20 industrial redevelopment areas, and not more than \$100,000,-
21 000 shall be deposited in a revolving fund which shall be
22 used for the purpose of making loans under this section with
23 respect to projects in rural redevelopment areas.

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public organization or association representing any redevelopment area or part thereof, the Administrator is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof; and

(4) there is a reasonable expectation of repayment.

(b) No loan under this section shall be for an amount

1 in excess of 65 per centum of the aggregate cost of the proj-
2 ect for which such loan is made. Subject to section 12 (5),
3 the maturity date of any such loan shall be not later than
4 forty years after the date such loan is made. Any such loan
5 shall bear interest at a rate equal to the rate of interest paid
6 by the Administrator on funds obtained from the Secretary
7 of the Treasury as provided in section 9 of this Act, plus
8 one-quarter of 1 per centum per annum.

9 (c) In making any loan under this section, the Ad-
10 ministrator shall require that not less than 10 per centum of
11 the aggregate cost of the project for which such loan is made
12 shall be supplied by the State (including any political sub-
13 division thereof) within which such project is to be located
14 as equity capital, or as a loan. In determining the amount
15 of participation required under this subsection with respect
16 to any particular project, the Administrator shall give con-
17 sideration to the financial condition of the State or local
18 government, and to the per capita income of the residents
19 of the redevelopment area, within which such project is to
20 be located.

21 (d) Any loan made under this section in connection
22 with a particular project shall be repayable only after other
23 loans made in connection with such project and in accord-
24 ance with this section have been repaid in full. If any loan
25 made under this section is secured, its security shall be

1 subordinate and inferior to the lien or liens securing other
2 loans made in connection with the same project.

3 (e) Of the funds authorized to be raised under section 9
4 of this Act, not more than \$100,000,000 shall be deposited
5 in a revolving fund which shall be used for the purpose of
6 making loans under this section.

7 GRANTS FOR PUBLIC FACILITIES

8 SEC. 8. (a) The Administrator may conduct studies of
9 needs in the various redevelopment areas throughout the
10 United States for, and the probable cost of, land acquisition
11 or development for public facility usage, and the construction,
12 rehabilitation, alteration, expansion, or improvement of use-
13 ful public facilities within such areas, and may receive pro-
14 posals from any State, or political subdivision thereof, In-
15 dian tribe, or private or public organization or association
16 representing any redevelopment area, or part thereof, relating
17 to land acquisition or development for public facility usage,
18 and the construction, rehabilitation, alteration, expansion,
19 or improvement of public facilities within any such area.
20 Any such proposal shall contain plans showing the project
21 proposed to be undertaken, the cost thereof, and the con-
22 tributions proposed to be made to such cost by the entity
23 making the proposal. The Administrator, in consultation
24 with such entity, is authorized to modify all or any part of
25 such proposal.

1 (b) The Administrator, pursuant to a proposal received
2 by him under this section, may make grants to any State, or
3 political subdivision thereof, Indian tribe, or private or public
4 organization or association representing any redevelopment
5 area, or part thereof, for land acquisition or development for
6 public facility usage, and the construction, rehabilitation,
7 alteration, expansion, or improvement of public facilities
8 within a redevelopment area, if he finds that—

9 (1) the project for which financial assistance is
10 sought will provide more than a temporary alleviation
11 of unemployment or underemployment in the redevel-
12 opment area wherein such project is, or will be, located,
13 and will tend to improve the opportunities in such area
14 for the successful establishment or expansion of industrial
15 or commercial plants or facilities;

16 (2) the entity requesting the grant proposes to
17 contribute to the cost of the project for which such grant
18 is requested in proportion to its ability so to contribute;
19 and

20 (3) the project for which a grant is requested will
21 fulfill a pressing need of the area, or part thereof, in
22 which it is, or will be, located, and there is little proba-
23 bility that such project can be undertaken without the
24 assistance of a grant under this section.

25 The amount of any grant under this section for any such

1 project shall not exceed the difference between the funds
2 which can be practicably obtained from other sources (in-
3 cluding a loan under section 7 of this Act) for such project,
4 and the amount which is necessary to insure the completion
5 thereof.

6 (c) The Administrator shall by regulation provide for
7 the supervision of carrying out of projects with respect to
8 which grants are made under this section so as to insure that
9 Federal funds are not wasted or dissipated.

10 (d) There is hereby authorized to be appropriated not
11 to exceed \$75,000,000 for the purpose of making grants
12 under this section.

13 FUNDS FOR LOANS

14 SEC. 9. To obtain funds for loans under this Act, the
15 Administrator may, with the approval of the President, issue
16 and have outstanding at any one time notes and obligations
17 for purchase by the Secretary of the Treasury in an amount
18 not to exceed \$300,000,000. Such notes or other obliga-
19 tions shall be in such forms and denominations, have such
20 maturities, and be subject to such terms and conditions as
21 may be prescribed by the Administrator with the approval of
22 the Secretary of the Treasury, and shall bear interest at a
23 rate determined by the Secretary of the Treasury, but such
24 rate shall not be greater than the current average yields on

1 outstanding marketable obligations of the United States of
2 comparable maturities as of the last day of the month pre-
3 ceding the issuance of such notes or other obligations. The
4 Secretary of the Treasury is authorized and directed to pur-
5 chase any notes and other obligations issued under this sec-
6 tion and for such purpose is authorized to use as a public
7 debt transaction the proceeds from the sale of any securities
8 issued under the Second Liberty Bond Act, as amended, and
9 the purposes for which securities may be issued under such
10 Act are extended to include any purchases of such notes and
11 other obligations. The Secretary of the Treasury may at
12 any time sell any of the notes or other obligations acquired
13 by him under this section. All redemptions, purchases, and
14 sales by the Secretary of the Treasury of such notes or other
15 obligations shall be treated in every respect as public debt
16 transactions of the United States.

17 INFORMATION

18 SEC. 10. The Administrator shall aid redevelopment
19 areas by furnishing to interested individuals, communities,
20 industries, and enterprises within such areas any assistance,
21 technical information, market research, or other forms of as-
22 sistance, information, or advice which are obtainable from the
23 various departments, agencies, and instrumentalities of the
24 Federal Government and which would be useful in alleviat-
25 ing conditions of excessive unemployment or underemploy-

ment within such areas. The Administrator shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 11. In carrying out his duties under this Act, the Administrator is authorized to provide technical assistance to areas which he has designated as redevelopment areas under this Act. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Administrator through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purpose. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

POWERS OF ADMINISTRATOR

SEC. 12. In performing his duties under this Act, the Administrator is authorized to—

(1) adopt, alter, and use a seal, which shall be ju-

1 judicially noticed; and subject to the civil service and
2 classification laws, select, employ, appoint, and fix the
3 compensation of such officers, employees, attorneys, and
4 agents as shall be necessary to carry out the provisions
5 of this Act, and define their authority and duties, pro-
6 vide bonds for them in such amounts as the Adminis-
7 trator shall determine, and pay the costs of qualification
8 of certain of them as notaries public;

9 (2) hold such hearings, sit and act at such times
10 and places, and take such testimony, as he may deem
11 advisable;

12 (3) request directly from any executive depart-
13 ment, bureau, agency, board, commission, office, inde-
14 pendent establishment, or instrumentality information,
15 suggestions, estimates, and statistics needed to carry out
16 the purposes of this Act; and each department, bureau,
17 agency, board, commission, office, establishment, or in-
18 strumentality is authorized to furnish such information,
19 suggestions, estimates, and statistics directly to the Ad-
20 ministrator;

21 (4) under regulations prescribed by him, assign
22 or sell at public or private sale, or otherwise dispose of
23 for cash or credit, in his discretion and upon such terms
24 and conditions' and for such consideration as he shall
25 determine to be reasonable, any evidence of debt, con-

tract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this Act, and collect or compromise all obligations assigned to or held by him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made under this Act, beyond the periods stated in such loan or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with the payment of loans made under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mort-

1 gages assigned to the Administrator. Section 3709 of
2 the Revised Statutes, as amended (41 U.S.C. 5),
3 shall not apply to any contract of hazard insurance or
4 to any purchase or contract for services or supplies on
5 account of property obtained by the Administrator as a
6 result of loans made under this Act if the premium there-
7 for or the amount thereof does not exceed \$1,000. The
8 power to convey and to execute, in the name of the
9 Administrator, deeds of conveyance, deeds of release,
10 assignments and satisfactions of mortgages, and any
11 other written instrument relating to real or personal
12 property or any interest therein acquired by the Admin-
13 istrator pursuant to the provisions of this Act may be
14 exercised by the Administrator or by any officer or agent
15 appointed by him for that purpose without the execution
16 of any express delegation of power or power of attorney;
17 (8) acquire, in any lawful manner, any property
18 (real, personal, or mixed, tangible or intangible), when-
19 ever deemed necessary or appropriate to the conduct of
20 the activities authorized in sections 6 and 7 of this Act;
21 (9) in addition to any powers, functions, privileges,
22 and immunities otherwise vested in him, take any and
23 all actions, including the procurement of the services of
24 attorneys by contract, determined by him to be neces-
25 sary or desirable in making, servicing, compromising,

1 modifying, liquidating, or otherwise administratively
2 dealing with or realizing on loans made under this Act;

3 (10) to such an extent as he finds necessary to
4 carry out the provisions of this Act, procure the tem-
5 porary (not in excess of six months) service of experts
6 or consultants or organizations thereof, including steno-
7 graphic reporting services, by contract or appointment,
8 and in such cases such service shall be without regard to
9 the civil service and classifications laws, and, except in
10 the case of stenographic reporting services by organiza-
11 tions, without regard to section 3709 of the Revised
12 Statutes (41 U.S.C. 5); any individual so employed
13 may be compensated at a rate not in excess of \$75 per
14 diem, and, while such individual is away from his home
15 or regular place of business, he may be allowed trans-
16 portation and not to exceed \$15 per diem in lieu of
17 subsistence and other expenses; and

18 (11) establish such rules, regulations, and proce-
19 dures as he may deem appropriate in carrying out the
20 provisions of this Act.

21 TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

22 SEC. 13. Whenever the Administrator shall determine
23 that employment conditions within any area previously desig-
24 nated by him as a redevelopment area have changed to such
25 an extent that such area is no longer eligible for such desig-

1 nation under section 5 of this Act, no further assistance shall
2 be granted under this Act with respect to such area and,
3 for the purposes of this Act, such area shall not be considered
4 a redevelopment area: *Provided*, That nothing contained
5 herein shall (1) prevent any such area from again being
6 designated a redevelopment area under section 5 of this Act
7 if the Administrator determines it to be eligible under such
8 section, or (2) affect the validity of any contracts or under-
9 takings with respect to such area which were entered into
10 pursuant to this Act prior to a determination by the Admin-
11 istrator that such area no longer qualifies as a redevel-
12 opment area. The Administrator shall keep the departments
13 and agencies of the Federal Government, and interested
14 State or local agencies, advised at all times of any changes
15 made hereunder with respect to the designation of any area.

16

URBAN RENEWAL

17 SEC. 14. (a) Title I of the Housing Act of 1949, as
18 amended, is amended by adding at the end thereof the
19 following new section:

20 "INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA

21

REDEVELOPMENT ACT

22 "SEC. 112. (a) When the Area Redevelopment Admin-
23 istrator certifies to the Administrator (1) that any county,
24 city, or other municipality (in this section referred to as a
25 'municipality') is situated in an area designated under sec-

tion 5 (a) of the Area Redevelopment Act as an industrial redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economic development, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

“(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110 (c) that the project area be clearly predominantly residential in character or that it be redeveloped for predominantly residential uses; but no such assistance shall be provided in any area if such Administrator determines that it will assist in relocating business operations from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

“(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

“(d) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in

1 the project area designated under the urban renewal plan
2 for industrial or commercial uses to any public agency or
3 nonprofit corporation for subsequent disposition as promptly
4 as practicable by such public agency or corporation for the
5 redevelopment of the land in accordance with the urban re-
6 newal plan: *Provided*, That any disposition of such land
7 under this section shall be made at not less than its fair
8 value for uses in accordance with the urban renewal plan:
9 *And provided further*, That the purchasers from or lessees
10 of such public agency or corporation, and their assignees,
11 shall be required to assume the obligations imposed under
12 section 105 (b) .

13 “(e) Following the execution of any contract for finan-
14 cial assistance under this section with respect to any project,
15 the Administrator may exercise the authority vested in him
16 under this section for the completion of such project, not-
17 withstanding any determination made after the execution of
18 such contract that the area in which the project is located
19 may no longer be an industrial redevelopment area under
20 the Area Redevelopment Act.”

21 (b) The next to the last paragraph of section 110 (c)
22 of such Act is amended by inserting after “such projects”
23 the following: “(including projects assisted under section
24 112 of this title) ”.

URBAN PLANNING GRANTS

1
2 SEC. 15. The second sentence of section 701 of the
3 Housing Act of 1954 is amended by adding the following
4 in clause (2) after the words "decennial census which":
5 "(i) are situated in areas designated by the Area Redevelop-
6 ment Administrator under section 5(a) of the Area Re-
7 development Act as industrial redevelopment areas, or (ii)".

VOCATIONAL TRAINING

8
9 SEC. 16. (a) The Secretary of Labor, in consultation
10 with the Administrator, shall determine the vocational train-
11 ing or retraining needs of unemployed individuals residing
12 in, or who were last employed in, redevelopment areas and
13 shall cooperate with the Secretary of Health, Education,
14 and Welfare and with existing State and local agencies and
15 officials in charge of existing programs relating to vocational
16 training and retraining for the purpose of assuring that the
17 facilities and services of such agencies are made fully avail-
18 able to such individuals.

19 (b) Whenever the Secretary of Labor finds that addi-
20 tional facilities or services are needed in the area to meet the
21 vocational training or retraining needs of such individuals, he
22 shall so advise the Secretary of Health, Education, and Wel-
23 fare. The Secretary of Health, Education, and Welfare,
24 through the Commissioner of Education, shall provide as-

1 sistance, including financial assistance when necessary, to the
2 appropriate State vocational educational agency in the pro-
3 vision of such additional facilities or services. If the Secre-
4 tary of Health, Education, and Welfare finds that the State
5 vocational educational agency is unable to provide the facili-
6 ties and services needed, he may, after consultation with
7 such agency, provide for the same by agreement or contract
8 with public or private educational institutions: *Provided*,
9 That the Secretary of Labor shall arrange to provide any
10 necessary technical assistance for setting up apprenticeship,
11 journeyman, and other job training needed in the area:
12 *Provided further*, That any vocational training or retraining
13 provided under this section shall be designed to enable un-
14 employed individuals to qualify for new employment in the
15 redevelopment area in which they reside or were last
16 employed.

17 RETRAINING SUBSISTENCE PAYMENTS

18 SEC. 17. (a) The Secretary of Labor in consultation
19 with the Administrator shall, on behalf of the United States,
20 enter into agreements with States in which redevelopment
21 areas are located, under which the Secretary of Labor shall
22 make payments to such States for the purpose of enabling
23 such States, as agents of the United States, to make weekly
24 retraining payments to unemployed individuals residing
25 within such redevelopment areas who are not entitled to

1 unemployment compensation (either because their unem-
2 ployment compensation benefits have been exhausted or
3 because they were not insured for such compensation) and
4 who have been certified by the Secretary of Labor to be
5 undergoing vocational training or retraining under section 16
6 of this Act. Such payments shall be made for a period not
7 exceeding thirteen weeks, and the amounts of such payments
8 shall be equal to the amount of the average weekly unem-
9 ployment compensation payment payable in the State
10 making such payments.

11 (b) The Secretary of Labor and the Administrator
12 shall jointly prescribe such rules and regulations as they may
13 deem necessary to carry out the provisions of this section and
14 section 16 of this Act.

15 (c) There are hereby authorized to be appropriated
16 such sums, not in excess of \$10,000,000, as may be neces-
17 sary to carry out the provisions of this section.

18 PENALTIES

19 SEC. 18. (a) Whoever makes any statement knowing
20 it to be false, or whoever willfully overvalues any security,
21 for the purpose of obtaining for himself or for any applicant
22 any loan, or extension thereof by renewal, deferment of
23 action, or otherwise, or the acceptance, release, or substitution
24 of security therefor, or for the purpose of influencing in any
25 way the action of the Administrator, or for the purpose of

1 obtaining money, property, or anything of value, under this
2 Act, shall be punished by a fine of not more than \$10,000
3 or by imprisonment for not more than five years, or both.

4 (b) Whoever, being connected in any capacity with the
5 Administrator (1) embezzles, abstracts, purloins, or willfully
6 misapplies any moneys, funds, securities, or other things of
7 value, whether belonging to him or pledged or otherwise
8 entrusted to him, or (2) with intent to defraud the Admin-
9 istrator or any other body politic or corporate, or any indi-
10 vidual, or to deceive any officer, auditor, or examiner of the
11 Administration, makes any false entry in any book, report, or
12 statement of or to the Administrator, or without being duly
13 authorized, draws any order or issues, puts forth, or assigns
14 any note, debenture, bond, or other obligation, or draft, bill
15 of exchange, mortgage, judgment, or decree thereof, or (3)
16 with intent to defraud participates, shares, receives directly
17 or indirectly any money, profit, property, or benefit through
18 any transaction, loan, commission, contract, or any other act
19 of the Administrator, or (4) gives any unauthorized infor-
20 mation concerning any future action or plan of the Adminis-
21 trator which might affect the value of securities, or having
22 such knowledge, invests or speculates, directly or indirectly,
23 in the securities or property of any company or corporation
24 receiving loans or other assistance from the Administrator,

1 shall be punished by a fine of not more than \$10,000 or by
2 imprisonment for not more than five years, or both.

3 EMPLOYMENT OF EXPENDITURES AND ADMINISTRATIVE
4 EMPLOYEES

5 SEC. 19. No loan shall be made by the Administrator
6 under this Act to any business enterprise unless the owners,
7 partners, or officers of such business enterprise (1) certify
8 to the Administrator the names of any attorneys, agents,
9 or other persons engaged by or on behalf of such business
10 enterprise for the purpose of expediting applications made
11 to the Administrator for assistance of any sort, and the fees
12 paid or to be paid to any such person; and (2) execute an
13 agreement binding any such business enterprise for a
14 period of two years after any assistance is rendered by the
15 Administrator to such business enterprise, to refrain from
16 employing, tendering any office or employment to, or retain-
17 ing for professional services, any person who, on the date
18 such assistance or any part thereof was rendered, or within
19 one year prior thereto, shall have served as an officer, attor-
20 ney, agent, or employee of the Administration, occupying a
21 position or engaging in activities in which the Administrator
22 shall have determined involve discretion with respect to the
23 granting of assistance under this Act.

1 PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

2 SEC. 20. The Administrator shall take such action as
3 may be necessary to insure that all laborers and mechanics
4 employed by contractors or subcontractors on projects under-
5 taken by public applicants assisted under this Act (1) shall
6 be paid wages at rates no less than those prevailing on the
7 same type of work on similar construction in the immediate
8 locality as determined by the Secretary of Labor in accord-
9 ance with the Act of August 30, 1935 (Davis-Bacon Act),
10 and (2) shall be employed not more than forty hours in any
11 one week unless the employee receives wages for his em-
12 ployment in excess of the hours specified above at a rate not
13 less than one and one-half times the regular rate at which
14 he is employed.

15 ANNUAL REPORT

16 SEC. 21. The Administrator shall make a comprehen-
17 sive and detailed annual report to the Congress of his oper-
18 ations under this Act for each fiscal year beginning with the
19 fiscal year ending June 30, 1960. Such report shall be
20 printed, and shall be transmitted to the Congress not later
21 than January 3 of the year following the fiscal year with
22 respect to which such report is made. Such report shall
23 show, among other things, (1) the number and size of Gov-
24 ernment contracts for the furnishing of supplies and services
25 placed with business firms located in redevelopment areas,

1 and (2) the amount and duration of employment resulting
2 from such contracts. Upon the request of the Adminis-
3 trator, the various departments and agencies of the Govern-
4 ment engaged in the procurement of supplies and services
5 shall furnish to the Administrator such information as may
6 be necessary for the purposes of this section.

7 APPROPRIATION

8 SEC. 22. There are hereby authorized to be appropriated
9 such sums as may be necessary to carry out the provisions
10 of this Act.

11 USE OF OTHER FACILITIES

12 SEC. 23. (a) To avoid duplication of activities and mini-
13 mize expense in carrying out the provisions of this Act, the
14 Administrator shall, to the extent practicable and with their
15 consent, use the available services and facilities of other
16 agencies and instrumentalities of the Federal Government
17 on a reimbursable basis.

18 (b) Departments and agencies of the Federal Govern-
19 ment shall exercise their powers, duties, and functions in such
20 manner as will assist in carrying out the objectives of this
21 Act. This Act shall be supplemental to any existing au-
22 thority, and nothing herein shall be deemed to be restrictive
23 of any existing powers, duties, and functions of any other
24 department or agency of the Federal Government.

A BILL

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

By Mr. DOUGLAS, Mr. COOPER, Mr. CLARK, Mr. BEALL, Mr. JACKSON, Mr. ENGEL, Mr. GREEN, Mr. HUMPHREY, Mr. NEUBERGER, Mr. LANGER, Mr. HART, Mr. KENNEDY, Mr. SYMINGTON, Mr. ANDERSON, Mr. PASTORE, Mr. BARLETT, Mr. CHURCH, Mr. JAVITS, Mr. CHAVEZ, Mr. MCGEE, Mr. CASE of New Jersey, Mr. MCCARTHY, Mr. MANSFIELD, Mr. MORSE, Mr. GRUENING, Mr. RANDOLPH, Mr. BYRD of West Virginia, Mr. HENNING, Mr. DODD, Mr. YARBOROUGH, Mr. MONBONEY, Mr. MURRAY, Mr. MAGNUSON, Mr. HARTKE, Mr. CARROLL, Mr. KEFAUVER, Mr. YOUNG of Ohio, Mr. McNAMARA, and Mr. MUSKIE

JANUARY 27, 1959

Read twice and referred to the Committee on
Banking and Currency

Fortunately, the picture is not all dark. Some of the major veterans organizations have very active employment divisions.

The DAV under the able leadership of the national director of employment relations, John Burris, has taken great strides to improve employment opportunities for disabled veterans.

For the past 9 years the DAV has sponsored the awards given to the winners in the national essay contest.

As you know, these awards are presented to the boys and girls by the President of the United States during the annual meeting of the President's Committee on Employ the Physically Handicapped.

Not only does the DAV furnish the awards but they also bring each essay winner, with a chaperon, into Washington expense free.

While in Washington the winners and their chaperons are entertained by the DAV and have an opportunity to visit the many places of interest in our Nation's Capital as well as meet with many national figures.

Each one of the essay winners returns to his respective community with a better insight of the type of organization the DAV maintains and also a better insight as to what a great country America is.

I wish that every employer in the Nation would have an opportunity to read some of the prize winning essays submitted by boys and girls throughout the United States.

If that were humanly possible, I am sure that we would no longer have problems in placing disabled veterans and also the oftentimes objective of Gen. Melvin J. Maas, past national commander of the Disabled American Veterans and chairman of the President's Committee on Employment of the Physically Handicapped, could be carried out, and that is—General Maas would like to work himself out of a job.

Much credit must be given to Millard Rice, director of your service foundation for supplying calendar cards for distribution through the Veterans Employment Service to the employers of the Nation encouraging them to hire disabled veterans.

Of all veterans organizations, I know of no service officers who are better trained than those of the DAV.

But this statement should not be interpreted as a recommendation that your service officers should devote their time to soliciting jobs for disabled veterans or that departments or chapters should set up little employment offices of their own.

The U.S. Employment Service and the State employment services have the facilities and the trained personnel to do that job.

To illustrate, during the past 12 months the Employment Service has placed better than 1¼ million veterans, of which the Illinois service placed 68,149.

We feel that this record has been achieved not only through the efforts of our State VER, Howard W. West and his two assistants, Wallie Ernst and Charlie Greene, but also through the outstanding interest in the disabled veterans program displayed by Mr. Sam Bernstein and Mr. Walter Parker, of the Illinois Employment Security Service and their staffs.

Also during the past 12 months the Employment Service has placed nearly 105,000 disabled veterans.

This brings the total number of placements of disabled veterans to well over 1,250,000 since World War II.

What I do suggest is that every department and every chapter be just as concerned when one of its members needs a job as they are when a disabled veteran needs medical treatment or a claim processed.

The elected and paid officers of the DAV should be as well acquainted with the manager of the local employment office as they are with the manager of the Veterans' Administration regional office.

They should feel as free to call on the veterans employment representative in their local employment office when they have a veteran with an employment problem, as they are to call on a contact or adjudication officer about an insurance or claims problem.

And most important of all, the departments and chapters should be as concerned with and expect just as good service from the local employment office as they look for, and demand from the Veterans' Administration regional office or hospital.

At the same time, departments and chapters should be quick to recognize good service and let the local office managers and the State employment service directors know that it is appreciated.

As stated earlier, many chapters have already given citations to local employment offices.

No doubt, during the coming year, many other employment offices will warrant this recognition and the chapters of the DAV should be the first to give it.

The officers and the members of the DAV are among the most energetic workers and leaders on State and local committees for employment of the physically handicapped.

The DAV is one of the most active organizations in promoting the observance of National Employ the Physically Handicapped Week.

By doing this you are insuring that disabled veterans will continue to share in the benefits of this program year after year, just as they have since 1945.

If the DAV has failed in anything, it has not been in its programs or our established policies, but rather in letting your communities know what the DAV does, what it stands for and why.

Perhaps those of us who are so intimately concerned with the various programs of the DAV have forgotten the importance of telling other people, including members of our own families, what we are doing and why.

The DAV many times finds itself criticized and opposed on one phase or another of its activities.

I suppose many of you feel as I do when that happens because we believe so deeply in the DAV that we would much rather have others agree and work with us.

However, when you consider the nature of this organization and the wide range of activities it carries on, it just isn't reasonable to expect unanimous agreement.

The fact that the DAV is disputed from time to time is a pretty good sign that it is doing a job—and is doing it effectively.

Yes, all veterans organizations are continually being criticized by what I like to term misinformed groups who are daily increasing their pressures to dilute all veterans benefits and preferences.

And my answer to these misinformed critics is from the words of Gen. George Washington, taken from one of his messages to Congress in which he, at all times, pleaded for justice for his troops.

"It is not indeed consistent with reason or justice to expect that one set of men should make a sacrifice of property, domestic ease and happiness, encounter the rigors of the field, the perils and vicissitudes of war to obtain those blessings which every citizen will enjoy, in common with them, without some compensation.

"It must also be a comfortless reflection to any man that after he may have contributed to securing the rights of his country at the risk of his life and the ruin of his fortune, there will be no provision made to prevent himself and family from sinking into indigence and wretchedness."

You and your grand organization, in helping disabled veterans to become physically and vocationally rehabilitated, are converting them from community liabilities into community assets.

THE AREA REDEVELOPMENT PROGRAM

Mr. DOUGLAS. Mr. President, on behalf of myself, Mr. COOPER, Mr. CLARK, Mr. BEALL, Mr. JACKSON, Mr. ENGLE, Mr. GREEN, Mr. HUMPHREY, Mr. NEUBERGER, Mr. LANGER, Mr. HART, Mr. KENNEDY, Mr. SYMINGTON, Mr. ANDERSON, Mr. PASTORE, Mr. BARTLETT, Mr. CHURCH, Mr. JAVITS, Mr. CHAVEZ, Mr. MCGEE, Mr. CASE of New Jersey, Mr. MCCARTHY, Mr. MANSFIELD, Mr. MORSE, Mr. GRUENING, Mr. RANDOLPH, Mr. BYRD of West Virginia, Mr. HENNINGSON, Mr. DODD, Mr. YARBOROUGH, Mr. MONRONEY, Mr. MURRAY, Mr. MAGNUSON, Mr. HARTKE, Mr. CARROLL, Mr. KEFAUVER, Mr. YOUNG, Mr. McNAMARA, and Mr. MUSKIE, I introduce for appropriate reference the area redevelopment bill. This is a bipartisan approach toward the establishment of a badly needed American point 4 program.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 722) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas, introduced by Mr. DOUGLAS (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Banking and Currency.

Mr. DOUGLAS. The express purpose of the bill is to establish an effective program to reduce substantial and persistent unemployment and underemployment in certain economically depressed areas of this country and to maintain a continuing high level of economy throughout the United States. The fact is recognized that many of our communities are suffering substantial and persistent unemployment and underemployment and that this condition has existed for a number of years. This economically unhealthy situation causes hardship to many individuals and their families, and impairs the national welfare by wasting vital human resources. To overcome this problem the Federal Government in cooperation with the States, should help these areas of substantial and persistent unemployment and underemployment to take effective steps under private initiative and enterprise in planning and financing their economic redevelopment. In doing this the communities, industries, enterprises and individuals in the areas should be able to achieve lasting improvements and increase the domestic prosperity of the areas by the creation of new employment opportunities.

The responsibility of the Federal Government to help assure maximum employment is now a generally accepted principle. It is a part of the law of the land through the enactment of the Employment Act of 1946. The persistence of unemployment and underemployment in many areas should be combated by the Federal Government, not only because it causes great human suffering in these areas, but also because these conditions are a threat to the general welfare of the Nation. The bill which we offer recognizes this responsibility to the areas of chronic unemployment and underemployment and provides for a program

which will help the people in such areas to expand the base of their economic activities so as to alleviate this long-term problem. The bill proposes a program which will stimulate these areas to help themselves.

The need for this legislation has been recognized both by Congress and the executive branch of the Government for several years. I began to work for this program as early as 1954, and I have been active in the cause ever since. In the most recent Economic Report to Congress the President stated:

Despite the forward economic strides of the Nation since the war, some communities have suffered substantial and persistent unemployment, when measured against national experience. Federal assistance to these communities is required not only to mitigate the hardships of individuals and families, but also to provide for the use of underutilized resources, to the enhancement of the national welfare.

The President has given at least verbal support to this program in his Economic Reports to the 84th, 85th, and 86th Congresses.

Many bills have been offered to the Congress to meet the needs of these hard hit areas and the Congress has reacted favorably to such a program. The Senate has on two occasions passed bills which a group of us sponsored and which were similar to the present bill. During the 84th Congress, in 1956, the Senate passed S. 2663, and again in the 85th Congress both the Senate and the House passed S. 3683, another area redevelopment bill which was substantially similar to the present bill. The President, however, by a pocket veto, killed S. 3683 and prevented it from becoming law.

The need for this legislation is more apparent today than during the Senate session of 1956, and even that of 1958. Reports from the Department of Labor on unemployment in May of 1956 disclosed 23 major labor market areas as having substantial labor surplus which is defined as 6 percent or more of the work force covered by unemployment insurance, and 65 smaller labor market areas located in 29 States were so classified. The most recent reports of the Department of Labor, for November 1958, show that 80 major labor market areas, spread throughout 25 States, had 6 percent or more unemployment in their labor force and no less than 188 smaller labor market areas throughout 35 States also had over 6 percent unemployment. I include the list compiled by the Department of Labor of the cities and areas which are facing the problem sought to be remedied by this area redevelopment measure.

Mr. President, I ask unanimous consent that the material may be printed in the RECORD at this point in my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AREAS OF SUBSTANTIAL LABOR SURPLUS NOVEMBER 1958

MAJOR AREAS

Alabama: Birmingham, Mobile.
California: Los Angeles-Long Beach, San Bernardino-Riverside-Ontario.

Connecticut: Bridgeport, New Britain, New Haven, Waterbury.

Illinois: Chicago, Joliet, Peoria.

Indiana: Evansville, Fort Wayne, South Bend, Terre Haute.

Kentucky: Louisville.

Maine: Portland.

Maryland: Baltimore.

Massachusetts: Brockton, Fall River, Lawrence, Lowell, New Bedford, Springfield, Holyoke, Worcester.

Michigan: Battle Creek, Detroit, Flint, Grand Rapids, Lansing, Muskegon, Saginaw.

Minnesota: Duluth-Superior.

Missouri: Kansas City, St. Louis.

New Jersey: Atlantic City, Newark, Paterson, Perth Amboy, Trenton.

New York: Albany-Schenectady-Troy, Binghamton, Buffalo, New York, Syracuse, Utica-Rome.

North Carolina: Asheville, Durham.

Ohio: Akron, Canton, Cleveland, Lorain-Elyria, Toledo, Youngstown.

Oregon: Portland.

Pennsylvania: Allentown-Bethlehem-Easton, Altoona, Erie, Johnstown, Philadelphia, Pittsburgh, Reading, Scranton, Wilkes-Barre-Hazleton, York.

Puerto Rico: Mayaguez, Ponce, San Juan.

Rhode Island: Providence.

Tennessee: Chattanooga, Knoxville, Memphis.

Texas: Beaumont-Port Arthur, Corpus Christi, Houston.

Virginia: Roanoke.

Washington: Spokane, Tacoma.

West Virginia: Charleston, Huntington-Ashland, Wheeling-Steubenville.

Wisconsin: Milwaukee, Racine.

SMALLER AREAS¹

Alabama: Alexander City, Anniston, Florence-Sheffield, Gadsden, Jasper, Talladega.

Alaska: Anchorage.

Arkansas: Fort Smith.

California: Eureka, Ukiah.

Colorado: Pueblo.

Connecticut: Ansonia, Bristol, Danbury, Danielson, Meriden, Middletown, Norwich, Thompsonville, Torrington, Willimantic.

Georgia: Toccoa.

Illinois: Canton, Centralia, Decatur, Harrisburg, Herrin-Murphysboro-West Frankfort, Litchfield, Mount Carmel-Olney, Mount Vernon, Springfield.

Indiana: Anderson, Columbus, Connersville, Michigan City-La Porte, Muncie, New Castle, Richmond, Vincennes.

Iowa: Ottumwa.

Kansas: Coffeyville-Independence-Parsons, Pittsburg.

Kentucky: Corbin, Hazard, Hopkinsville, Madisonville, Middlesboro-Harlan, Morehead-Grayson, Owensboro, Paducah, Paintsville-Prestonsburg, Pikeville-Williamson.

Maine: Biddeford-Sanford, Lewiston.

Maryland: Cumberland, Frederick, Westminster.

Massachusetts: Fitchburg, Greenfield, Haverhill, Marlboro, Milford, Newburyport, North Adams, Pittsfield, Southbridge-Webster, Taunton, Ware.

Michigan: Adrian, Allegan, Ann Arbor-Ypsilanti, Bay City, Benton Harbor, Excelsior, Holland-Grand Haven, Ionia-Belding-Greenville, Iron Mountain, Jackson, Marquette, Monroe, Owosso, Port Huron, Sturgis.

Mississippi: Greenville.

Missouri: Cape Girardeau, Flat River-De Soto-Festus, Joplin.

Montana: Butte, Great Falls, Kalispell.

Nebraska: Lincoln.

New Jersey: Bridgeton, Long Branch, Morristown-Dover, Plainfield-Somerville.

¹ These areas were not originally a part of the regular area labor market reporting and the area classification program of the Bureau of Employment Security. They now, however, appear every 2 months.

New York: Amsterdam, Auburn, Batavia, Corning-Hornell, Elmira, Glens Falls-Hudson Falls, Gloversville, Jamestown-Dunkirk, Kingston, Newburgh-Middletown-Beacon, Olean-Salamanca, Oneida, Oneonta, Watertown, Wellsville.

North Carolina: Fayetteville, Kinston, Morganton, Mount Airy, Rockingham-Hamlet, Rocky Mount, Rutherfordton-Forest City, Shelby-Kings Mountain, Thomasville-Lexington, Waynesville.

Ohio: Ashtabula-Conneaut, Athens-Logan-Nelsonville, Batavia-Georgetown-West Union, Cambridge, Defiance, East Liverpool-Salem, Findlay-Tiffin-Fostoria, Kent-Ravenna, Kenton, Marietta, New Philadelphia-Dover, Portsmouth-Chillicothe, Sandusky-Fremont, Springfield, Zanesville.

Oklahoma: Ardmore, McAlester, Okmulgee-Henryetta.

Oregon: Albany, Coos Bay, Eugene, Pendleton, Roseburg.

Pennsylvania: Berwick-Bloomsburg, Butler, Clearfield-Du Bois, Lewistown, Lock Haven, New Castle, Oil City-Franklin-Titusville, Pottsville, Sayre-Athens-Towanda, Sunbury-Shamokin-Mt. Carmel, Uniontown-Connellsville, Williamsport.

Rhode Island: Newport.

Tennessee: Bristol-Johnson City-Kingsport, La Follette-Jellico-Tazewell.

Texas: Laredo, Texarkana.

Vermont: Burlington, Springfield.

Virginia: Big Stone Gap-Appalachia, Radford-Pulaski, Richlands-Bluefield.

Washington: Aberdeen, Anacortes, Bellingham, Bremerton, Everett, Olympia, Port Angeles.

West Virginia: Beckley, Bluefield, Clarksburg, Fairmont, Logan, Martinsburg, Morgantown, Parkersburg, Point Pleasant-Gallipolis, Roncove-White Sulphur Spring, Welch.

Wisconsin: Beaver Dam, Beloit, La Crosse, Lake Geneva-Whitewater, Oshkosh, Watertown.

Mr. DOUGLAS. Mr. President, a program for the redevelopment of these areas should be flexible and adaptable to the diverse needs of the many communities, both industrial and rural, which suffer from chronic unemployment and underemployment. A comprehensive program to aid chronically depressed and low-income areas will mean much to the people—the men, women, and children—of these areas. The statistics from these areas show decreases and exhaustion of savings deposits, bank deposits, and increases in unemployment compensation, public assistance, and county aid which is distressing to the taxpayer who must pay them, but which mean far more to the men and women who have no jobs or whose skills are being squandered by this lack of income-producing employment. And to the children of these communities these figures mean a future with little or no hope, with increased juvenile delinquency and waste of the next generation. These depressed conditions, continued over a long period, mean also the gradual disintegration of the community and all its physical resources built up over the years—schools, stores, hospitals, banks, office buildings, homes, churches, and all of the community services which were acquired at great expense and which are now wasting away. All too often, when the people of the area move away in search of jobs elsewhere, duplicate facilities must be built. And these duplicate facilities may have to be built with the help of Federal subsidies. In a vast,

expanding America, it is not right that these once proud communities with close family ties should be permitted to die upon the vine. It is far better that the Congress meet the responsibility placed before it and take the positive type of action proposed in the area redevelopment bill. I emphasize that we are not trying to freeze the population in its present locations, but we are trying to reduce unnecessary blight and decay.

The bill I am introducing, with the welcome support of so many other Members of the Senate, provides such a program. It does this by establishing an Area Redevelopment Administration which is authorized by means of loans for new and expanded business and commercial enterprises, by loans for public facilities geared to industrial development, and by grants for such public facilities tied to local self-help capabilities to help these redevelopment areas to help themselves. Technical assistance for redevelopment, retraining facilities, retraining subsistence payments, and industrial rebuilding in urban renewal areas are also provided in this measure for these economically hard-hit areas.

Many of these pockets of depression which this bill would aid have existed for a period of years. Some are of long duration. Industries upon which they once depended for a living have declined. Industrial replacement programs have not made up for the jobs lost. Textile mill towns and cities, coal mining regions, railroad shop communities, farm machinery and ordnance centers, cut-over country, and underdeveloped rural areas are typical of such drains in our pools of opportunity.

Courageous local efforts to bring in new industry or to expand existing businesses have been made, but these have in the main failed to meet the urgent needs. On the basis of testimony presented at the hearings before the Senate Banking and Currency Committee, it is clear that the communities which have been hit by economic misfortune have not been content to sit idly by in the face of adversity. On the contrary, most of the communities have shown traditional American resourcefulness in efforts to achieve local economic rehabilitation. Local chambers of commerce and regional area redevelopment groups are in existence in practically all of the communities and have been working steadily for the past several years to solve their problems through local subscription, community development drives, and by the use of many other devices to raise funds. These efforts have not been adequate. Created revolving funds are now fully used and dry for any additional capital calls. Investment institutions do not want to pour new capital into decaying communities. It was further made clear by the witnesses representing the distressed areas that the keynote to the eventual success of their efforts is reliance upon self-help. The conclusion is clear that these local communities are virtually powerless to reach a full solution of their problems without some type of outside economic assistance.

The opportunity which this bill places before the Senate is to make available

the resources of the Federal Government to help private enterprise to cure these pockets of unemployment and underemployment by the only real remedy, which is by production and employment and the making of a contribution of goods and services to the people of our Nation.

Thus far, I have been speaking primarily of the decaying industrial areas of the country but the needs of the low-income rural areas are no less urgent. Many rural communities in the United States have an average per capita income of as little as one-fourth of the average for the country as a whole. The economic problems of the low-income rural areas are of no less significance than those of the industrial areas with surplus manpower. Available data indicate that some rural areas have not shared during recent decades in the growth of the country as a whole. There are many rural counties in the United States where the average per capita income is as little as one-fourth that of the average person in the United States. A Joint Economic Report states that in terms of constant dollars, there has been no appreciable change between 1948 and 1954 in the number of farm families with income of less than \$1,000 per year. The 1954 Census of Agriculture—the most recent—discloses that there are 458 counties in the United States in which a third or more of the commercial farms in those counties sold products valued at only between \$250 and \$1,200. There were also 500 counties where 35 percent or more of the commercial farms sold products valued between \$1,200 and \$2,500. It is expected that the counties set forth below would be among those which would receive primary consideration for rehabilitation under the Federal rural redevelopment program which is proposed.

Mr. President, at this point in my remarks I ask unanimous consent that the statistics from the 1954 Census of Agriculture be included in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—Number of counties in which 33.3 percent or more commercial farms sold products whose gross value ranged from \$250 to \$1,199, by State, 1954 Census of Agriculture

State	Total number of counties	Number of counties according to percent of farms in \$250 to \$1,199 range			
		60 percent or more	50 to 59.9 percent	40 to 49.9 percent	33.3 to 39.9 percent
Total.....	458	51	94	157	156
Alabama.....	39	8	8	16	7
Arkansas.....	39	2	10	13	14
Florida.....	4	0	0	1	3
Georgia.....	41	2	6	17	16
Illinois.....	2	0	0	1	1
Kentucky.....	40	13	8	7	12
Louisiana.....	16	3	2	7	4
Michigan.....	3	0	1	0	2
Minnesota.....	1	0	1	0	0
Mississippi.....	40	1	0	15	15
Missouri.....	9	0	1	1	15
Nevada.....	2	0	0	2	0
New Mexico.....	5	1	1	2	1
New York.....	2	0	1	1	0

TABLE 1.—Number of counties in which 33.3 percent or more commercial farms sold products whose gross value ranged from \$250 to \$1,199, by State, 1954 Census of Agriculture—Continued

State	Total number of counties	Number of counties according to percent of farms in \$250 to \$1,199 range			
		60 percent or more	50 to 59.9 percent	40 to 49.9 percent	33.3 to 39.9 percent
North Carolina.....	25	4	7	8	6
Ohio.....	1	0	0	0	1
Oklahoma.....	17	0	0	9	8
Pennsylvania.....	1	0	0	0	1
South Carolina.....	25	0	4	9	12
Tennessee.....	54	3	14	22	15
Texas.....	29	1	3	7	18
Virginia.....	21	4	3	6	8
West Virginia.....	41	9	14	13	5
Wisconsin.....	1	0	1	0	0

Source: Special tabulation by U.S. Bureau of the Census.

TABLE 2.—Number of counties in which 35 percent or more commercial farms sold products whose gross value ranged from \$1,200 to \$2,499, by State, 1954 Census of Agriculture

State	Total number of counties	Number of counties according to percent of farms in \$1,200 to \$2,499 range		
		50 percent or more	40 to 49.9 percent	35 to 39.9 percent
Total.....	500	29	213	258
Alabama.....	28	0	9	19
Arkansas.....	19	0	4	15
California.....	3	2	0	1
Colorado.....	3	2	1	0
Florida.....	9	2	4	3
Georgia.....	46	3	18	25
Idaho.....	1	0	0	1
Illinois.....	3	0	2	1
Indiana.....	5	0	2	3
Iowa.....	2	0	0	2
Kentucky.....	49	2	19	28
Louisiana.....	23	1	16	6
Massachusetts.....	1	0	1	0
Michigan.....	21	4	9	8
Minnesota.....	13	0	6	7
Mississippi.....	60	1	38	21
Missouri.....	21	0	5	16
Montana.....	4	1	1	2
New Mexico.....	1	0	0	1
New York.....	1	1	0	0
North Carolina.....	32	1	17	14
North Dakota.....	1	0	0	1
Ohio.....	8	1	3	4
Oklahoma.....	8	0	1	7
Pennsylvania.....	3	1	0	2
South Carolina.....	18	0	7	11
Tennessee.....	52	2	25	25
Texas.....	17	1	2	14
Utah.....	2	0	1	1
Vermont.....	1	0	0	1
Virginia.....	28	1	15	12
Washington.....	1	0	1	0
West Virginia.....	9	3	2	4
Wisconsin.....	7	0	4	3

Source: Special tabulation by U.S. Bureau of the Census.

Mr. DOUGLAS. The tables show 450 counties in which more than a third of the farmers sold products which had a gross value of less than \$1,200, and 500 counties in which a large percentage of the farmers had gross incomes of between \$1,200 and \$2,500.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to the Senator from Pennsylvania.

Mr. CLARK. Under the terms of the Senator's bill would all these counties be eligible to apply for aid?

Mr. DOUGLAS. They would be eligible to apply for aid; that is correct.

Mr. CLARK. I am interested to note that there are four Pennsylvania counties in the Senator's list.

Mr. DOUGLAS. That is correct; and there are five Illinois counties, too.

The problem of underemployment in the rural areas has been the subject of intensive study by Government departments and by the Joint Economic committee. It seems evident that a number of programs would help the low-income farm families, of which the following are especially important:

First. Expanded private and Government credit for low-income farm families.

Second. Extension-type education for farm families and farmers who work off the farm part time.

Third. Encouragement by Federal, State, and local agencies for development of industry in rural areas.

Fourth. Research to fit farm units to changing conditions. Federal-State research to determine needs for aid and for off-farm employment.

Fifth. More training and educational opportunities for farm youth in both agricultural and nonagricultural skills.

Sixth. Better health services and practices.

Seventh. More information to underemployed farmers of job opportunities in urban areas.

Eighth. An increased use of trade area and community improvement programs to raise the standard of living.

Ninth. A broader participation by farmers in the social-security program.

I would like to emphasize the great need for the expansion of job opportunities in nonagricultural pursuits. Any program of this type should be on a self-help basis. The bill I introduce meets that test.

Mr. President, I shall now present an analysis of the bill.

WHAT THE BILL DOES—SECTION 1

The short title of the act is the Area Economic Redevelopment Act.

SECTION 2. FINDING OF FACTS

The purpose of the act is to help areas needing redevelopment to expand their economic activities so as to alleviate substantial unemployment and underemployment that prevails within such areas. This would be accomplished by assisting communities, industries, enterprises, and individuals in providing new employment opportunities and by expanding existing facilities and resources without reducing employment in other areas of the United States.

SECTION 3. AREA REDEVELOPMENT ADMINISTRATION

An Area Redevelopment Administration would be established under the direction and control of an Administrator who is to be appointed by the President with the advice and consent of the Senate. The salary of the Administrator is to be \$20,000 a year.

SECTION 4. ADVISORY COMMITTEES

The bill provides for the establishment of two advisory committees. Subsection (a) creates a Government Advisory Committee on Area Redevelopment. In

addition to the Administrator, 11 heads of Federal departments or Federal independent agencies are designated as members of this committee. The committee is required to meet twice annually and is to make recommendations to the Administrator with regard to carrying out his duties.

Subsection (b) creates a National Public Advisory Committee to be appointed by the Administrator to consist of 12 members representing labor, management, agriculture, and the public in general. This committee is to make recommendations to the Administrator in carrying out his duties.

Subsection (c) authorizes the Administrator to call ad hoc industry committees representing the parties in interest when employment has dropped substantially over a number of years in such industry resulting in high levels of unemployment in various areas designated by the Administrator as redevelopment areas. The industry committees are to recommend plans and programs to the Administrator with reference to such industry.

SECTION 5. REDEVELOPMENT AREAS

The bill recognizes two types of redevelopment areas—industrial and rural—which will be eligible to receive Federal assistance under the bill.

Under subsection (a) an area may be designated an industrial redevelopment area in either of the following two ways: First, the Administrator may, at his discretion, determine that a given area has been subject to substantial and persistent unemployment for an extended period of time and designate the area an industrial redevelopment area; or second, an industrial area must be classified an industrial redevelopment area if it meets any one of the following four tests: (a) not less than 12 percent of the total labor force in the area has been unemployed for a period of 12 months immediately preceding the date on which an application for assistance is made; (b) not less than 9 percent of the labor force in the area has been unemployed for a period of 15 months out of the last 18 months prior to such date; or (c) not less than 6 percent of the labor force was unemployed during at least 18 months in the 2 years immediately preceding such date; or (d) not less than 15 percent of the labor force in the area has been unemployed for a period of 6 months immediately preceding such date.

Subsection (b) sets forth the criteria for designating a rural area as a rural redevelopment area. The Administrator is directed to designate as rural redevelopment areas those rural areas in which he determines that there exists the largest number and percentage of low-income farm families and a condition of substantial and persistent underemployment. In making these designations, the Administrator is required to consider, among other relevant factors, the number of low-income farm families in the various rural areas in the United States, the proportion such low-income families are to the total farm families of each of such areas, the relationship of the income levels of farm families of each such area to the general levels of income in the

same area, the current and prospective employment opportunities in each such area, and the availability of farm manpower in each such area for supplemental employment.

Subsection (c) provides that in making determinations concerning redevelopment areas the Administrator is to be guided—but not conclusively governed—by the available information published by the various Federal agencies, State and local governments, universities, and private organizations.

Under subsection (d) the Administrator may also request from the Secretary of Labor, the Secretary of Agriculture, and the Director of the Bureau of the Census special studies and such information and data as he deems necessary to enable him to make the determinations provided for in this section. The Administrator is required to reimburse these agencies for expenditures which they incur in connection with filling his requests.

Subsection (e) defines the term "redevelopment area" to mean any area within the United States which has been designated by the Administrator as an industrial redevelopment or a rural redevelopment area.

SECTION 6. LOANS FOR INDUSTRIAL AND RURAL PROJECTS

Section 6 of the bill provides two \$100 million revolving funds, one for industrial projects in industrial redevelopment areas, the other for industrial projects in rural redevelopment areas. These revolving funds for loans were provided because witness after witness testified that in these urban and rural areas where unemployment and underemployment have been substantial and persistent the communities' own resources are not sufficient to make it possible for industrial development to proceed. These loans are intended to help provide for plant, equipment, and machinery, but not for working capital or the purchase of raw material and payment of labor. These loans are to be for no longer than 30 years. This is a change from the bill of last year, which provided 40 years as the maximum length. Government participation is never to exceed 65 percent, but may be less. Local and State authorities must put up at least 10 percent, and at least 5 percent must be from non-Government sources.

Section 6 also expressly provides that loans made under it for industrial projects must not be granted to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment. This provision reflects the declaration of purpose of the act, to create new employment opportunities by developing and expanding facilities and resources without substantially reducing employment in other areas of the United States.

SECTION 7. LOANS FOR PUBLIC FACILITIES

The bill provides a revolving fund of \$100 million for loans to States, Indian tribes, or organizations representing redevelopment areas to help in financing the purchase or development of land for

public facility usage, and construction or alteration of public facilities, if the project will tend to improve the opportunities in the area for the establishment or expansion of industrial or commercial plants or facilities. These loans may run for a period up to 40 years.

A depressed area may have many of the assets sought by industry—buildings, labor, community facilities, and the like—but it may lack one public facility without which all the others are useless, for example, adequate water for industrial use, adequate sewage facilities, or access to a navigable river or a railroad. Industrial parks, also, are sometimes necessary in order to protect industry. The bill provides for the possibility of \$100 million of loans to local governments for the provision of these facilities.

INTEREST RATES

The bill authorizes the Administrator to borrow from the Treasury up to \$300 million for these revolving funds for the loan programs. The Administrator is to pay interest on these loans borrowed from the Treasury at a rate determined by the Secretary of the Treasury, but—

Such rate shall not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations.

Loans made to industrial projects or for public facilities must then pay interest to the Treasury at this same rate plus one-half of 1 percent. Of this, one-quarter of 1 percent is allocated to a sinking fund for payment of losses. The markup in the case of public facility loans is to be only one-quarter of 1 percent.

SECTION 8. GRANTS FOR PUBLIC FACILITIES

The bill authorizes appropriations of \$75 million, in addition to \$300 million of loans to be put on the revolving fund basis, for grants to States or their subdivisions, Indian tribes, or public or private organizations representing redevelopment areas for land acquisition or development for public facilities usage, or construction or alteration of public facilities in the area, if the project will improve the opportunities in the area for the establishment or expansion of industrial or commercial plants or facilities.

This is not an annual appropriation, but a lump sum appropriation.

Some redevelopment areas have inadequate economic resources, either because of chronic unemployment or underemployment or a generally low level of economic development, to borrow money to develop public facilities which would make the areas attractive to new industry. For this reason, the bill provides for grants to improve public facilities.

In other words, according to the testimony, the communities are so flat on their backs that they cannot even finance a loan; or perhaps they can finance a part of the loan, but not all of the loan. In those cases, an outright grant is provided to help the localities bear the burden.

SECTION 9. FUNDS FOR LOANS

This section would authorize the Administrator to obtain funds for making loans under sections 6 and 7 of the bill by borrowing from the Treasury in amounts not exceeding \$300 million outstanding at any one time. The interest rate on the notes and obligations representing this borrowing would be determined by the Secretary of the Treasury at a rate not greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. The amounts thus obtained from the Treasury would be used to establish the revolving funds provided for in sections 6 and 7 of the bill.

SECTIONS 10 AND 11. INFORMATION AND TECHNICAL ASSISTANCE

The Administrator is directed to provide assistance, technical information, market research, and other forms of advice available from the Federal Government which would be useful in alleviating unemployment and underemployment in the areas. In addition, the Administrator is authorized to provide technical assistance to the areas including studies evaluating the needs of and developing potentials for economic growth for such areas. This may be done either through the Administrator's staff or by employing individuals, firms, or institutions. Appropriations up to \$4.5 million annually are authorized for this program.

SECTION 12. POWERS OF ADMINISTRATOR

The usual corporate powers are provided.

SECTION 13. TERMINATION OF ELIGIBILITY

When unemployment ceases to meet the criteria set forth, the area is no longer eligible. Contracts, however, continue in force.

SECTIONS 14 AND 15. URBAN RENEWAL

The bill makes available to economically depressed areas the benefits of the Federal urban renewal program. Under this section, urban renewal assistance may be provided to a municipally designated area as an industrial redevelopment area if there is a reasonable probability that with such assistance the area will be able to achieve more than a temporary improvement in its economic development. Such an area need not comply with the predominantly residential test and thus areas which are predominantly commercial or industrial and which will be redeveloped as commercial or industrial areas are eligible.

SECTIONS 16 AND 17. VOCATIONAL TRAINING AND SUBSISTENCE RETRAINING PAYMENTS

The bill provides that the Secretary of Labor shall determine the needs of the area for vocational training to meet the employment opportunities created by the bill and shall cooperate with the Secretary of Health, Education, and Welfare and existing State and local agencies to make these services available to the area.

In order to enable unemployed persons to get the benefits of this training, the bill also provides that the Secretary of

Labor may make weekly retraining payments through State agencies to unemployed persons in the redevelopment areas for 13 weeks at the average weekly unemployment compensation rate in that State, but limited to those not receiving unemployment compensation. A ceiling of \$10 million a year is placed upon this program.

The question arises as to whether the type of aid to distressed areas contemplated by this bill will serve to create inflationary pressure, or whether it will contribute to economic expansion with price level stability. The purpose of this bill is to provide employment opportunities for idle workers and idle resources and to increase the productivity of resources which now are ineffectively used in areas of chronic and substantial unemployment. The result will be an increase in output. The money spent for this purpose, therefore, will represent an investment in increasing productivity. Dollars spent to promote production by otherwise idle or inefficiently employed resources are not inflationary. Indeed, by making possible an increase in productivity in the Nation's distressed areas, the loans by the Federal Government contemplated under this proposed legislation would, in fact, be anti-inflationary. Moreover, the successful implementing of the bill would serve to reduce public outlays for unemployment compensation, relief, and various other forms of public assistance—payments for which no current production is received in turn. To provide the conditions under which these distressed areas can contribute to increasing the national output, rather than be a drain upon production from other more fortunately situated parts of the country, therefore, represents an important contribution toward enhancing the Nation's economic growth without inflationary pressure.

Mr. CLARK. Mr. President, will the Senator from Illinois yield?

The PRESIDING OFFICER (Mr. HART in the chair). Does the Senator from Illinois yield to the Senator from Pennsylvania?

Mr. DOUGLAS. I am glad to yield.

Mr. CLARK. I am delighted to have heard the exposition by the Senator from Illinois of the fact that there is nothing inflationary about this bill.

The Senator from Illinois is one of the most distinguished economists in the country, and certainly the most distinguished economist in the Senate; and I hope all our colleagues will listen to what he has to say on this subject.

As an amateur in the field of economics, it has seemed to me to be almost economic illiteracy to suggest that putting people back to work at a time when the economy is slack, and when the need is to get greater production, would amount to inflation. Such an argument does not make any sense to me at all. I wonder whether my good friend, the Senator from Illinois, would agree.

Mr. DOUGLAS. I do agree. What those who say such a measure would be inflationary rely upon is the fact that total Government expenditures in-

Itially might seem to be increased, and, therefore, they say, there will be more Government borrowings; and if the budget does not balance, there will be more money chasing goods, and therefore the price level will rise. But they do not take into account, as the Senator from Pennsylvania has pointed out, the fact that this additional monetary purchasing power will put otherwise idle labor to work, with otherwise idle capital resources, producing goods which otherwise would not be produced; and, therefore, there will be an offsetting, by goods, of that money; and, therefore, the amount of taxes the Federal Government would collect would be increased; and while perhaps we cannot work out any precise ratio, the Federal Government itself may ultimately get back all it spends, and, indeed, will, because I wish to emphasize again that the \$300 million we are proposing is in the form of loans, not grants; only \$75 million additional would be in the form of grants. This is a business transaction to help localities and firms which cannot command private capital, to get "seed" capital, so to speak, with which they can start, and to which they should add sums of money of their own, so that the total investment ought to be a number of times the amount of the public loan.

Mr. CLARK. Mr. President, will the Senator from Illinois yield further to me?

Mr. DOUGLAS. I am glad to yield.

Mr. CLARK. Does not the Senator from Illinois think that the failure of the Federal budget to distinguish between loans and grants—between moneys which are loans and will be repaid, and moneys which, once spent, will be gone—is in many ways deceiving the American people with respect to the real impact of the budget and of our Federal fiscal operations?

Mr. DOUGLAS. I quite agree; I think we should draw a distinction between the so-called ordinary budget and the capital budget.

As a matter of fact, in one of the appendices to the existing budget—it is tucked away in the back of that huge book—there is an analysis like this one of the capital investments of the Federal Government—which, as I recall, come to some billion dollars.

Mr. CLARK. It is quite interesting that that table is not referred to when charges are made that the Senator from Illinois, the Senator from Pennsylvania, and others are wild-eyed spenders who want to unbalance the Federal budget.

Mr. DOUGLAS. Yes.

Mr. CLARK. Mr. President, will the Senator from Illinois yield for a further question?

Mr. DOUGLAS. Yes.

Mr. CLARK. Will not those who seek to charge that the bill is inflationary use as part of their argument that even though most of its provisions are for loans, not grants, nevertheless, in the light of our obsolete budget procedures the bill would tend to unbalance the

President's budget? Will not that argument be made?

Mr. DOUGLAS. It may be made, but in that connection I would say that in the Federal budget there are sources of waste which, in my judgment, we should stop. I think there is tremendous waste in the Department of Defense—for instance, in the huge surpluses scattered over the country and over the world. In a few days, if time permits, I intend to discuss that subject. In brief, they have \$44 billion worth of equipment and supplies scattered over the world, but only need, as a maximum, \$27 billion worth for peacetime and wartime reserves. Furthermore, of the approximately \$5 billion of contracts they let, according to the House Committee on Government Operations, only about 5 percent are subject to competitive bidding; the rest are negotiated contracts, with all the waste they bring about.

Furthermore, there is tremendous waste in the farm program.

In addition, there is tremendous waste in the bureaucracy here in Washington.

If the administration would permit the Senator from Pennsylvania and the Senator from Illinois to work on that budget, we would sweat out the waste, and would have remaining enough money for welfare, adequate defense, and the building up of the depressed areas.

Mr. CLARK. Even if we were unsuccessful in our effort—like Hercules—to clean out a little bit of the Augean stables, does not the Senator from Illinois agree with me that it would be quite possible to balance the budget without making any increase in tax rates, if the proposals of the Senator from Illinois, in which I had the pleasure of joining last year, namely, to close tax loopholes, were adopted?

Mr. DOUGLAS. I think that would not only balance the budget, but also would produce a surplus.

Mr. CLARK. Yes.

Mr. DOUGLAS. Or it would reduce the national debt, if that seemed wise at this time. However, today many of our people of very equal incomes pay very unequal amounts of taxes.

Mr. CLARK. It is my understanding that the Senator from Illinois has a bill to close those tax loopholes. I should like to have an opportunity to join, at an early date, in the sponsorship of that bill, here on the floor of the Senate.

At this time I wish to repeat, as I have said many times before, that I believe the budget should be balanced this year, even under our obsolete budget procedures. I believe it can be balanced this year by the elimination of waste and by the closing of tax loopholes. I should like to have it very clear, indeed, that when I advocate spending money, I also advocate raising revenues sufficiently to balance the budget at a time when, in the midst of prosperity, enormous unemployment still exists in this country.

I thank the Senator from Illinois for yielding to me.

Mr. DOUGLAS. I thank the Senator from Pennsylvania for his statement.

Mr. President, modifications in Senate bill 3683 which was passed originally by the Senate in the 85th Congress are as follows:

(a) An independent administration is created to provide an authority to carry out this diversified program—section 3.

(b) An agriculture representative is added to the Public Advisory Board, so that the problems of agricultural areas may be brought more squarely into a careful administration—section 4c.

(c) The 300-county limitation on participating rural areas is removed—section 5b.

(d) The loan period for industrial and rural loans is reduced from 40 to 30 years—section 6a(6).

(e) Criteria requiring that funds provided in the bill be used to provide more than temporary alleviation of unemployment or underemployment—section 6a(3).

(f) The interest rate to the borrower is increased to one-half of 1 percent, with the additional one-quarter of 1 percent being specifically allocated to a sinking fund to cover possible losses incurred—section 6b(8).

(g) Authorization for grants for public facilities is limited to 1 year, rather than for an indeterminate period—section 8d.

(h) Vocational training provisions are tied to the employment opportunities created in the area, as are subsistence retraining benefits, with a \$10 million ceiling established for retraining benefits—sections 16a, 16b, 17a.

The revisions made in the present bill are the result of information and study during hearings in the House and the Senate of the 85th Congress. I believe that these revisions provide a better bill.

I believe the passage of this measure by Congress and its wise and careful administration will bring a new day of hope and opportunity to many areas and to literally millions of our people who want nothing more than a chance to work. Mr. President, this kind of a program is designed to stimulate private employment.

The bill proposes no easy handout. It holds out the prospect of work, of new jobs, of increased production, of expanding business and commerce, of more healthy community life, and, above all, of fuller utilization and development of the most precious resource—our Nation's human resources. It is a domestic point IV program which we badly need. Why should we help so lavishly the distressed areas abroad, and yet deny help to our own kith and kin?

Mr. President, I ask unanimous consent that a comparison of the area redevelopment bills be printed in the RECORD at the conclusion of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparison of area redevelopment bills

Provision	Douglas-Payne bill, S. 3683 (passed Senate, 85th Cong.)	Douglas-Cooper-Clark-Beall bill, 86th Cong.
1. Title.....	Area Economic Redevelopment Act.....	Area Economic Redevelopment Act.
2. Organization.....	A constituent agency within HIIFA, with confirmed Commissioner.	Independent agency. ¹
3. Advisory Board.....	1. Cabinet-level advisory board..... 2. 25-man National Public Advisory Committee from all walks of life.	1. Cabinet-level advisory board. 2. 25-man National Public Advisory Committee from all walks of life. Agricultural representative added. ¹
4. Division of Redevelopment areas.....	1. Industrial areas with substantial and persistent unemployment over an extended period. Specific levels: (a) 12 percent for 1 year preceding. (b) 9 percent for 15 of 18 months preceding. (c) 6 percent for 18 of 24 months preceding. (d) 15 percent for 6 months preceding (at Commissioner's discretion). 2. Rural areas with largest number and percentage of low income farm families and substantial and persistent unemployment, not to exceed 300 counties.	1. Industrial areas with substantial and persistent unemployment over an extended period. Specific levels: (a) 12 percent for 1 year preceding. (b) 9 percent for 15 of 18 months preceding. (c) 6 percent for 18 of 24 months preceding. (d) 15 percent for 6 months preceding (at Commissioner's discretion). 2. Rural areas with largest number and percentage of low income farm families and substantial and persistent unemployment. ¹
5. Local groups.....	Public or private agency approved by State or its instrumentality except where there is no provision for such approval. Then Commissioner may appoint a local committee.	Public or private agency approved by State or its instrumentality except where there is no provision for such approval. Then Commissioner may appoint a local committee.
6. Loans for private projects.....	\$100 million for industrial areas..... \$100 million for rural areas..... 65 percent (subordinate to other loans).....	\$100 million for industrial areas. \$100 million for rural areas. 65 percent (subordinate to other loans).
(a) Revolving fund or funds total.....	10 percent.....	10 percent.
(d) Maximum Federal participation.....	5 percent.....	5 percent.
(c) Minimum State or local participation.....	40 years.....	30 years. ¹
(d) Minimum private participation.....	Including machinery and equipment.....	Including machinery and equipment.
(e) Maximum period of loans.....	Rate paid Treasury plus $\frac{1}{4}$ of 1 percent.....	Rate paid Treasury plus $\frac{1}{4}$ of 1 percent ($\frac{1}{4}$ percent of above will be allocated to sinking fund for payment of losses). ¹
(f) Industrial or commercial projects.....	State or local development agency (or local committee in absence of State or local development agency), and found by State to be consistent with area economic development. Program approved by Commissioner.	State or local development agency (or local committee in absence of State or local development agency), and found by State to be consistent with area economic development. Program approved by Commissioner.
(g) Interest rate.....		
(h) Application approved by.....		
7. Loans for public facilities:		
(a) Revolving fund.....	\$100 million.....	\$100 million.
(b) Maximum Federal participation.....	65 percent subordinate to other loans.....	65 percent subordinate to other loans.
(c) Minimum State or local participation.....	10 percent.....	10 percent.
(d) Maximum period of loan.....	40 years.....	40 years.
(e) Interest rate.....	Rate paid Treasury plus $\frac{1}{4}$ of 1 percent.....	Rate paid Treasury plus $\frac{1}{4}$ of 1 percent.
8. Funds for loans:		
(a) Amount.....	\$300 million.....	\$300 million.
(b) Source.....	Borrowed from Treasury.....	Borrowed from Treasury.
(c) Interest rate paid Treasury.....	Not greater than current average yields on outstanding marketable U.S. obligations of comparable maturities at end of preceding month.	Not greater than current average yields on outstanding marketable U.S. obligations of comparable maturities at end of preceding month.
9. Grants for public facilities.....	Authorization for appropriation of \$75 million a year.....	Authorization for appropriation of \$75 million. ¹
10. Information.....	Information furnished to redevelopment areas.....	Information furnished to redevelopment areas.
11. Technical assistance.....	Technical assistance authorized for redevelopment areas; authorization for appropriation of \$4½ million a year.	Technical assistance authorized for redevelopment areas; authorization for appropriation of \$4½ million a year.
12. Authority granted.....	Usual corporate powers.....	Usual corporate powers.
13. Termination of eligibility.....	Provision for termination of designation as redevelopment area.....	Provision for termination of designation as redevelopment area.
14. Urban renewal.....	On request by Commissioner, HIIFA may give financial assistance to projects in municipalities without regard to predominantly residential requirement.	On request by Commissioner, HIIFA may give financial assistance to projects in municipalities without regard to predominantly residential requirement.
15. Planning grants.....	Planning grants authorized for smaller municipalities redevelopment areas.	Planning grants authorized for smaller municipalities redevelopment areas.
16. Vocational training.....	Labor and HEW ascertain need for vocational training and provide financial assistance to State agency in supplying such facilities and services.	Secretaries of Labor and HEW in consultation with Administrator ascertain need for vocational training and provide financial assistance to State agency in supplying such facilities and services (program designed for employment opportunities created in areas). ¹
17. Retraining subsistence payments.....	Labor makes payments to States for 13 weeks retraining subsistence payments to unemployed not getting unemployment compensation and getting training for new job.	Secretary of Labor in consultation with Administrator makes payments to States for 13 weeks' retraining subsistence payments to unemployed not getting unemployment compensation and certified for new job. ¹ 10,000,000 annual ceiling established. Rulemaking authority extended to facilitate administration of secs. 16 and 17.

¹ Denotes revisions.

Mr. DOUGLAS. Mr. President, I ask that the bill lie on the desk for 2 days so that if other Senators wish to join the 39 Senators who are now cosponsors, they may do so.

The PRESIDING OFFICER. Without objection, the bill will lie on the desk as requested.

During the delivery of Mr. DOUGLAS' speech:

Mr. COOPER. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield to the Senator from Kentucky.

Mr. COOPER. I should like to ask unanimous consent that my remarks be placed at the end of the remarks of the Senator from Illinois.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COOPER. I had expected to comment at some length upon the bill which the distinguished senior Senator from Illinois has introduced. However, I must go to my home State in a few minutes. Before doing so I wish to thank the Senator for giving me the opportunity to speak about his bill. I commend the distinguished Senator from Illinois for introducing the bill. However, beyond that, I wish to commend him for his long and indefatigable labors to secure the passage of legislation which would give hope to the areas throughout the country which suffer from persistent unemployment and underemployment. I am glad that he has asked me to join as a cosponsor of the bill.

Mr. DOUGLAS. The Senator from Kentucky is the first cosponsor.

Mr. COOPER. I thank the Senator very much. I expect to help the Senator in every way I can. There is no question about the need for such legislation. The years of work which the Senator from Illinois has devoted to this kind of legislation, and the hearings that have been held, prove that fact. Moreover, the supporting facts prove it. The President of the United States, in several messages to Congress, has stated that legislation of this type is necessary. The only issue is with respect to the means by which the problem should be attacked.

I may say that I do not support this bill merely because of the situation which exists in Kentucky, but because it is a

fact that what occurs in my State is typical of what occurs throughout the United States.

From my study of the bill which the Senator from Illinois has introduced, and from my experience in my own State of Kentucky, and my knowledge of conditions there, I have come to the conclusion that the bill which the Senator from Illinois is introducing is a reasonable approach to the solution of this very difficult problem.

I know from my own experience something about the fiscal condition of local areas. Many towns and cities in the depressed areas do not have the means to supply large amounts of aid or to contribute a large percentage of funds to the various types of investment projects which could be established in the depressed areas. I think the percentage which the Senator from Illinois has provided is a reasonable percentage for the Federal Government to contribute.

I said the other day, and I repeat it, that in an economy in which parts of our Nation are surging ahead, where there is large employment and where there is an increase in wealth on the part of many of the people, I do not think it is right to allow thousands of others to be left behind, lying in the ditch, so to speak. We cannot forget such areas. We cannot forget those people. In my State of Kentucky 250,000 people are receiving surplus food. There are nine areas in Kentucky—which includes 25 percent of our population—which have been designated "labor surplus areas" by the Federal Government. The situation is critical and immediate attention is called for. I have introduced two bills toward meeting the immediate need for more food and work and shall introduce additional legislation in the near future. But the long-range problems of our areas in Kentucky is that industrial development must be stimulated, encouraged, and aided by legislation such as the distinguished senior Senator from Illinois has introduced today.

I again thank the Senator from Illinois for the opportunity to be a cosponsor. I intend to contribute whatever I can to the passage of the bill.

Mr. DOUGLAS. I thank the Senator from Kentucky, not merely for his comments, but also for the constant interest which he has shown in this problem and his very intelligent efforts to improve the situation. I think his remarks underscore my statement that this is a bipartisan bill.

The Senator from Kentucky is the first cosponsor. The Senator from Pennsylvania [Mr. CLARK] is the second cosponsor. The Senator from Maryland [Mr. BEALL] is the third cosponsor. I shall make the request, after I have finished my statement and the bill has been introduced, that the bill may lie at the desk for 2 days, so that any other Senators who may wish to become cosponsors of the bill may have the opportunity to do so.

Mr. CLARK. Mr. President, I should like to associate myself with the splendid address just made by the distinguished senior Senator from Illinois with respect to the area economic develop-

ment bill, which he and I and 37 other cosponsors have just sent to the desk.

This bill its patterned after the Douglas-Payne bill of last year, which was passed by Congress, but vetoed by President Eisenhower. The bill of last year was a bipartisan compromise bill. Again this year we have a bipartisan bill.

I should like to spend a moment or two discussing the impact of this bill on my own State, the Commonwealth of Pennsylvania. There are 17 counties in Pennsylvania which would be immediately eligible to share in Federal assistance; namely, Lackawanna, Luzerne, Schuylkill, Columbia, Montour, Northumberland, Union, Snyder, Juniata, Mifflin, Clinton, Clearfield, Blair, Cambria, Somerset, Fayette, and Erie.

These are the areas already classified by the Government as areas of substantial labor surplus. However, the bill is drawn so that smaller counties which have never been classified at all, or parts of larger metropolitan areas, may be subsequently included. In the latter categories might come parts of our great metropolitan communities which center around Pittsburgh and Philadelphia.

The unemployment rate in the 17 counties I mentioned ranges from 10.3 percent in the Northumberland-Snyder-Union-Montour area to 23.7 percent in Fayette County.

I ask unanimous consent that there may be printed in the RECORD at this point a table which shows, for 12 Pennsylvania labor market areas, the latest unemployment figures, based upon unemployment as a percentage of the labor force, and unemployment in excess of 6 percent. These 12 labor market areas, which are identified by their principal cities, include the 17 counties I named earlier.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Labor market area	Unemployment ¹	Unemployment as percent of labor force	Unemployment in excess of 6 percent
Altoona.....	8,900	16.6	5,700
Erie.....	14,000	14.1	8,000
Johnstown.....	16,700	16.8	10,700
Seranton.....	16,000	15.6	9,800
Wilkes-Barre-Hazleton.....	21,700	15.9	13,500
Berwick-Bloomsburg.....	2,700	12.5	1,400
Clearfield-Du Bois.....	5,000	13.6	2,800
Lewistown.....	2,500	11.4	1,200
Lock Haven.....	1,800	11.6	900
Pottsville (Schuylkill County).....	12,400	15.8	7,700
Sunbury-Shamokin.....	6,650	10.3	2,800
Mount Carmel.....	11,300	23.7	8,300
Uniontown-Connellsville.....			
Total.....			72,800

¹ First 5 based on November figures; following 7 based on latest available data.

Mr. CLARK. Mr. President, unemployment has continued at these intolerable levels almost continuously since World War II—despite the heroic efforts of the communities concerned to help themselves, and despite the assistance of the State. It is clear that if we are ever to meet this problem, the Federal Government must undertake a fair share of the total effort.

In my State there is an industrial development authority, headed by our secretary of commerce, which has made very real and helpful efforts to rehabilitate a number of our distressed areas during the past 4 years, when Gov. George M. Leader was our distinguished chief executive.

Those efforts have been successful to the extent that State finances permit, but our capacity to go further is extremely limited. We are at the moment facing the need to raise between \$350 million and \$400 million in additional taxes in Pennsylvania for the coming biennium. Somewhere in the vicinity of \$350 million is required for needed school construction, which cannot be undertaken because no funds are available. We have a State program in aid of urban renewal which is too small to give our cities much help. There has been but a token effort to help in that regard. In short, my Commonwealth is desperately in need of help from the Federal Government in all these categories.

In addition to the industrial counties, there are several Pennsylvania rural counties which might qualify for assistance under the bill of the distinguished Senator from Illinois.

May I state for the RECORD, briefly, these figures:

Unemployment compensation claims in Pennsylvania were at an alltime high in the week ending January 9, 1959. Regular claims were 418,000, temporary claims were 77,000, for a total of 495,000 individual unemployment compensation claims.

The December 15 official unemployment figures are 472,000. The number has, of course, risen since that date, and it will rise further during the next month or two—perhaps 3 months—until I fear it will come close to the recession high of 520,000 last spring.

One measure of our difficulty is the reduction of our unemployment compensation fund from \$350 million a year ago to \$125,300,000 as of December 31.

Mr. President, I could describe community after community, through hard and soft coal areas, along the lines of the Erie, Lackawanna, and Reading, where communities are so impoverished that they do not have money to provide the facilities necessary to create industrial parks to attract industry. Yet those areas are peopled by fine, hard-working American citizens, who ask only an opportunity to be put to work, and who love their homes, and want to remain there.

I hope we have arrived at the point where we shall not repeat what was done to the silver and gold mine towns of the West, when towns were allowed to grow up, and then disintegrate, with all the resulting social problems. These people and their forebears have lived in Pennsylvania for more than 100 years, and some for as long as 200 years. In my judgment, they are entitled to the opportunity to earn their living in the communities of their fathers and grandfathers.

The bill which President Eisenhower has proposed to meet the chronic unemployment problem is little more than an

empty gesture. We saw that last year. We know that the situation will be the same this year.

It is no exaggeration to say that the amount of money recommended by the President, approximately \$50 million, could well be utilized in its entirety by the Commonwealth of Pennsylvania. Only \$10 million is to be disbursed in the coming fiscal year.

There is no provision for loans or grants for public facilities.

The interest rate is too high to provide the incentive that is needed.

The assignment of administrative responsibility to the Secretary of Commerce in the administration bill would turn the program over to a Department which has shown a complete lack of sympathy.

In my judgment it would do as much to kill the program before it got off the ground as the Urban Renewal Administration and the Public Housing Administration are doing today to kill public housing and urban renewal, by choking the programs through administrative regulations.

Three concessions have been made in the bill to meet the criticisms contained in the President's veto statement. I hope those concessions will be enough to persuade the President that he should sign the bill this time.

First, the maximum term of the loans is to be reduced from 40 years to 30 years. Second, the language relating to administration of the grants has been revised to meet the President's allegation that the previous language was loosely drawn. Third, the agency is to be authorized to borrow directly from the Treasury for its loan funds, thus meeting the President's argument that last year's bill contained no funds.

I have received resolutions from the City Council of the City of Wilkes-Barre and the City Council of the City of Scranton, two centers of our great northeastern Pennsylvania anthracite area—and once among the most prosperous cities of our Commonwealth—urging the Senate to pass as soon as possible the bill which was introduced today by the Senator from Illinois [Mr. DOUGLAS].

Mr. President, I ask unanimous consent that those two resolutions be printed in the RECORD at this point in my remarks.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

RESOLUTION REQUESTING FAVORABLE ACTION ON PROPOSED LEGISLATION FOR THE ESTABLISHMENT OF AN AREA REDEVELOPMENT ADMINISTRATION

Whereas in the last session of the Congress of the United States of America, the House Committee on Banking and Currency recommended the passage of a certain bill entitled "A bill to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas"; and

Whereas the proposed legislation was never enacted into law; and

Whereas the 86th Congress will convene on January 7, 1959; and

Whereas the city of Wilkes-Barre has been classified for some time as a depressed economic area; and

Whereas the favorable adoption of a program of area redevelopment would play an integral part in relieving unemployment and promote industrial development, urban redevelopment and renewal and provide for a healthier economy with full employment; and

Whereas the city officials of the city of Wilkes-Barre desire to respectfully recommend favorable action on a new bill for area redevelopment in the next session of Congress: Now, therefore, be it

Resolved by the City Council of the City of Wilkes-Barre, and it is hereby resolved by the authority of the same, That the city officials of the city of Wilkes-Barre are in favor of an effective area redevelopment bill to provide for a program to help Wilkes-Barre and other communities to fully develop new industries, to aid in urban renewal and redevelopment programs and provide for such other benefits which would promote a sound economy and greater employment to the citizens of this important Wyoming Valley area; it is further

Resolved, That a certified copy of this resolution be brought to the attention of the 86th Congress and further that the city clerk is hereby directed to forward copies of this resolution to the President of the United States, Dwight D. Eisenhower; the Honorable Secretary of Labor, James Mitchell; Secretary of Commerce, Lewis L. Strauss; U.S. Senators Joseph Clark and Hugh Scott; and Congressman Daniel J. Flood.

RESOLUTION OF THE DIRE NEED FOR EARLY ADOPTION OF THE AREA REDEVELOPMENT PROGRAM

Whereas news reports show that new local groups of workers will be forced to join our heavy idle rolls and this new absence of earned income will further burden our economy, all this at Christmastide and in a so-called period of rising national employment; and

Whereas Mayor Hanlon and this council have experienced a searching, deliberation in order to properly balance municipal economy at this time; and

Whereas Scranton and this area have already amply demonstrated maximum private and community response to bring full employment: Therefore be it

Resolved by the Scranton City Council, That this strong message be laid before the 86th Congress, due to convene January 7, that early introduction and passage of the proposed area redevelopment bill be accomplished, since it provides an effective program to assist Scranton and other communities in the fields of industrial development, community development, and urban renewal, public works, and provide for other benefits that can be assembled as a common Federal, State, and local effort to bring about a sound local economy and full employment; be it further

Resolved, That copies of this resolution be communicated to our new Congressman, STANLEY PROKOP, and to our Senator, JOSEPH S. CLARK, and our new Senator-elect, HUGH SCOTT, and to all other members of Pennsylvania's 86th delegation to the Congress, to the Honorable Secretary of Commerce, Lewis Strauss, the Honorable Secretary of Labor, James Mitchell, and, most appropriately, to the President of the United States, Dwight D. Eisenhower.

JEROME E. PARKER,
President, City Council.
JAMES T. HANLON,
Mayor.

SAM DRUCK,
City Clerk.

DECEMBER 17, 1958.

Mr. CLARK. Mr. President, in connection with the tragic unemployment situation which continues throughout

the country in general, and particularly in the States of Kentucky, West Virginia, and Pennsylvania, I should like to evidence my strong support for the bill, S. 489, introduced by the senior Senator from Kentucky [Mr. COOPER], of which I am happy to be a cosponsor, which bill provides for an emergency stepup of the Federal Government's program of surplus food distribution to needy families.

The bill directs the Secretary of Agriculture to spend \$50 million prior to June 30, 1959, and \$100 million in fiscal 1960 to purchase additional food to supplement the food currently made available to the needy in Pennsylvania and elsewhere throughout the Nation. The money would come from funds already accumulated under section 32 of the law of August 24, 1935, and no new funds would be involved.

A stepup in the surplus food distribution program is an absolute necessity in Pennsylvania and other areas hard hit by continuing unemployment. In Pennsylvania there are 916,000 persons in 59 of the 67 counties in the State who have been certified as entitled to receive surplus food because they lack the means to buy food on the open market. In Philadelphia County 7 percent of the entire population is receiving this type of assistance; in Allegheny County 10 percent; Luzerne County 14 percent; in Blair and Cambria Counties one out of every three persons receives food under the Federal program.

I point out that the tragic floods which inundated both the Susquehanna and Lackawanna River Valleys during the past few days have so flooded the coal mines in much of the anthracite area, particularly Luzerne and Lackawanna Counties, that I am fearful that most, if not all of the mines in those areas will have to be closed for an indefinite period of time. This will swell the ranks of the unemployed. It will make even more necessary the surplus food program, and will make essential the passage of the area redevelopment bill, about which I have been speaking today.

At the moment, Mr. President, the type of food that is being distributed is entirely inadequate for human needs. With all of our bulging warehouses of Government foods, we are distributing only 5 staple items at present: Wheat (at the rate of 4 pounds per person per month) and corn meal, rice, dried milk, and butter (at the rate of 1 pound per person per month).

State welfare agencies which distribute surplus foods say they have been informed by Federal authorities that cheese, which they had been receiving until December, will no longer be supplied. Meat products, beans, fruit, eggs and cooking oil have not been supplied for many months.

Passage of the bill introduced by the Senator from Kentucky [Mr. COOPER] would insure something better than a bare subsistence diet for the many thousands of men, women, and children who are forced by circumstances frequently beyond their control to depend on the food they receive under the Federal surplus food program to keep alive.

Mr. President, I have been one of those who have consistently voted in favor of our foreign aid programs. Personally, I do not think the programs have provided quite enough. I intend to vote for the aid program again this year. I am heartily in sympathy with Public Law 480, which makes surplus agricultural commodities available for use by the needy and hungry abroad. I think the least we can do is to extend to the people of our country the same generosity extended to those in need of help overseas.

I hope the bill introduced by the Senator from Kentucky [Mr. COOPER] will receive early and favorable consideration, and will shortly be passed by the Congress.

Mr. President, I yield the floor.

COMMITTEE SERVICE

Mr. DIRKSEN. Mr. President, I submit an order for immediate consideration. The order has been cleared with the acting majority leader.

The PRESIDING OFFICER. The order will be stated for the information of the Senate.

The legislative clerk read as follows:

Ordered, That the junior Senator from Iowa [Mr. MARTIN] be released from further service on the Committee on the Judiciary; that the senior Senator from New York [Mr. JAVITS] be released from further service on the Committee on Aeronautical and Space Sciences and on the Committee on Rules and Administration; and that the junior Senator from New York [Mr. KEATING] be

released from further service on the Committee on Banking and Currency and on the Committee on Interior and Insular Affairs.

And be it further ordered, that the junior Senator from Iowa [Mr. MARTIN] be assigned to service on the Committee on Aeronautical and Space Sciences and to the Committee on Interior and Insular Affairs; that the senior Senator from New York [Mr. JAVITS] be assigned to service on the Committee on Banking and Currency; and that the junior Senator from New York [Mr. KEATING] be assigned to service on the Committee on the Judiciary and on the Committee on Rules and Administration.

The PRESIDING OFFICER. The question is on agreeing to the order.

The order was agreed to.

Mr. DIRKSEN. Mr. President, I ask unanimous consent to have printed in the RECORD a list of the assignments, on the minority side, on various committees.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

REPUBLICAN LEADERSHIP, 86TH CONGRESS, 1ST SESSION

Leverett Saltonstall, chairman of the conference.

Milton R. Young, secretary of the conference.

Everett McKinley Dirksen, floor leader.

Thomas H. Kuchel, whip.

Styles Bridges, chairman of policy committee.

Andrew F. Schoeppel, chairman of committee on committees.

Barry Goldwater, chairman of campaign committee.

Margaret Chase Smith, chairman of personnel committee.

Policy committee: Styles Bridges, chairman; Leverett Saltonstall; Milton R. Young of North Dakota; Everett McKinley Dirksen; Thomas H. Kuchel; Andrew F. Schoeppel; Barry Goldwater; Margaret Chase Smith; George D. Aiken; Karl E. Mundt; Carl T. Curtis; Thos. E. Martin; John Sherman Cooper; and Benneth B. Keating.

Campaign committee: Barry Goldwater, chairman; Alexander Wiley; Homer E. Capehart; Frank Carlson; Wallace F. Bennett; Prescott Bush; J. Glenn Beall; and Norris Cotton.

Committee on committees: Andrew F. Schoeppel, chairman; William Langer; Bourke B. Hickenlooper; John J. Williams of Delaware; Henry Dworshak; Francis Case of South Dakota; Roman L. Hruska; Gordon Allott; Clifford P. Case of New Jersey; Thruston B. Morton; Jacob J. Javits; Winston L. Prouty; and Hugh Scott.

Personnel committee: Margaret Chase Smith, chairman; Styles Bridges; and John Marshall Butler.

Calendar committee: Thos. E. Martin, chairman; Thruston B. Morton; and Kenneth B. Keating.

ADJOURNMENT

Mr. CLARK. Mr. President, as a further mark of respect to the memory of the late Representative GEORGE H. CHRISTOPHER, I move that the Senate stand adjourned until 12 o'clock noon tomorrow.

The motion was unanimously agreed to; and (at 3 o'clock and 28 minutes p.m.) the Senate adjourned, the adjournment being, under the order previously entered, until Wednesday, January 28, 1959, at 12 o'clock meridian.

86TH CONGRESS
1ST SESSION

H. R. 4278

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 1959

Mr. KILBURN (by request) introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To assist areas to develop and maintain stable and diversified economies by a program of financial and technical assistance and otherwise, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Area Assistance Act
4 of 1959".

DECLARATION OF PURPOSE

5
6 SEC. 2. The Congress declares that, even during periods
7 of prosperity for the Nation as a whole, some of our commu-
8 nities suffer substantial and persistent unemployment; that
9 such unemployment causes hardship to many individuals and
10 their families and detracts from the national welfare by

1 wasting vital human resources; that to overcome this prob-
2 lem the Federal Government, in cooperation with the States,
3 should help areas of substantial and persistent unemployment
4 to take effective steps in planning and financing their eco-
5 nomic development; that Federal assistance should enable
6 communities to achieve lasting improvement and decrease
7 economic vulnerability by the establishment of stable and di-
8 versified local economies; and that new employment oppor-
9 tunities should be created rather than merely transferred from
10 one community to another.

11 AUTHORITY OF SECRETARY OF COMMERCE

12 SEC. 101. (a) The Secretary of Commerce, hereinafter
13 referred to as the Secretary, may designate as an area of
14 substantial and persistent unemployment any area certified
15 as eligible for such designation by the Secretary of Labor.

16 (b) To assist areas in the United States designated as
17 areas of substantial and persistent unemployment, the Secre-
18 tary is authorized—

19 (1) to make grants for technical assistance for such
20 areas in accordance with the provisions of section 106

21 (a) of this Act; and

22 (2) to provide loans for such areas in accordance
23 with the provisions of section 107 of this Act.

24 (c) The Secretary is also authorized—

25 (1) to extend the full cooperation of the Federal

1 Government to all areas in the United States (including
2 Puerto Rico) in promoting the more effective use of local
3 resources, in the establishment of new industries based
4 on local resources, and in the expansion of existing in-
5 dustries; such cooperation to be provided through tech-
6 nical advice and consultation and, when necessary,
7 through the conduct of special studies;

8 (2) to decrease, through grants made in accordance
9 with the provisions of section 106 (b) of this Act, the
10 economic vulnerability of towns predominantly depend-
11 ent on one industry, small towns which could serve as
12 centers for economic diversification of rural areas of
13 underemployment, and rural low-income areas by help-
14 ing them develop manufacturing, processing, and other
15 activities calculated to diversify and improve their
16 economies; and

17 (3) to coordinate his functions under this Act with
18 those of the Secretary of Agriculture and other officials
19 administering Federal programs affecting local economic
20 conditions.

21 (d) As used in this Act: (1) the term "United States"
22 includes the several States, the Territory of Hawaii, and
23 the District of Columbia; (2) the term "State" refers to an
24 individual State, the Territory of Hawaii, or the District of
25 Columbia; and (3) the term "loan" includes loans, imme-

mediate participation in loans, and purchase of evidences of indebtedness.

AUTHORITY OF SECRETARY OF LABOR

SEC. 102. (a) The Secretary of Labor shall from time to time, or upon the request of the Secretary, certify the existence of areas eligible for designation as areas of substantial and persistent unemployment whenever he finds, on the basis of available labor force data, or studies which he initiates when he deems necessary, that—

(1) the rate of unemployment in the area, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum and has averaged at least 6 per centum for the qualifying time periods specified in (2) below; and

(2) the annual average rate of unemployment in the area has been at least:

(A) 50 per centum above the national average for four of the preceding five calendar years, or

(B) 75 per centum above the national average for three of the preceding four calendar years, or

(C) 100 per centum above the national average for two of the preceding three calendar years; and

(3) Nonagricultural employment in the area has declined, or has shown a smaller increase than in the country as a whole, during the preceding five calendar

1 years: *Provided*, That no area shall be excluded by the
2 requirement of this subsection if the annual average rate
3 of unemployment in that area for three of the last four
4 years exceeds 8 per centum.

5 (b) In the case of labor market areas for which ap-
6 propriate historical labor force data have not been compiled,
7 the Secretary of Labor shall certify as eligible for designation
8 as areas of substantial and persistent unemployment those
9 areas in which the unemployment rate and duration, based
10 on a survey of available labor force data, generally equals or
11 exceeds the rate and duration specified in section 102 (a).

12 (c) The Secretary of Labor may also certify under sub-
13 sections (a) or (b) of this section the existence of eligible
14 areas upon request of any appropriate State government
15 agency, instrumentality, or political subdivision.

16 (d) The Secretary of Labor is authorized, upon request
17 and whenever he determines that such studies are needed, to
18 undertake, or to provide assistance to others in studies of the
19 size, characteristics, skills, adaptability, occupational poten-
20 tialities, and related aspects of the labor force of an area
21 certified under section 102.

22 (e) When skills of the labor force in an area designated
23 under section 101 are not such as to facilitate full utilization
24 of the human resources in such area, the Secretary of Labor
25 is authorized to provide advice and technical assistance in

1 developing and carrying out a program to improve the
2 utilization of such labor force.

3 (f) Whenever the Secretary of Labor finds a need for
4 vocational education services in an area designated under
5 section 101 and when such area has an economic develop-
6 ment program as provided in section 107 (b) (9), he is
7 authorized to assist interested agencies to determine the vo-
8 cational training needs of unemployed individuals residing
9 in the area, and he shall notify the Secretary of Health,
10 Education, and Welfare of the vocational training or re-
11 training requirements of the area. The Secretary of Health,
12 Education, and Welfare, through the Commissioner of Edu-
13 cation, is authorized to provide assistance, including financial
14 assistance when necessary or appropriate, to the State voca-
15 tional education agency in the provision of such services in
16 the area.

17 AUTHORITY OF HOUSING AND HOME FINANCE ADMINIS-
18 TRATOR

19 SEC. 103. Title I of the Housing Act of 1949, as
20 amended, is amended by adding the following new head-
21 ing and section at the end of title I:

22 AREAS OF SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT

23 "SEC. 112. (a) When the Secretary of Commerce cer-
24 tifies to the Administrator (1) that any county, city, or
25 other municipality (referred to as 'municipality' in this sec-

tion) is situated in an area designated by the Secretary of Commerce pursuant to the Area Assistance Act of 1959 as an area of substantial and persistent unemployment, and (2) that there is a reasonable probability that with assistance provided under the Area Assistance Act of 1959 and other undertakings the area will be able to achieve lasting improvement in its economic development, the Administrator is authorized to extend financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

“(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110 (c) of this title that the project area be clearly predominantly residential in character or that it will be predominantly residential under the urban renewal plan.

“(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

“(d) Notwithstanding any other provisions of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or

1 nonprofit corporation for subsequent disposition as promptly
2 as practicable by such public agency or corporation for the
3 redevelopment of the land in accordance with the urban
4 renewal plan: *Provided*, That any disposition of such land
5 to such public agency or corporation under this section shall
6 be made at not less than its fair value for uses in accordance
7 with the urban renewal plan: *Provided further*, That the
8 purchasers from or lessees of such public agency or corpora-
9 tion, and their assignees, shall be required to assume the
10 obligations imposed in conformity with the requirements of
11 section 105 (b) hereof.

12 “(e) Following the execution of any contract for finan-
13 cial assistance under this section with respect to any project,
14 the Administrator may exercise the authority vested under
15 this section for the completion of such project notwith-
16 standing any determination made after the execution of such
17 contract that the area in which the project is located may
18 no longer be an area of substantial and persistent unem-
19 ployment.”

20 SEC. 104. The first sentence of section 202 (c) of title
21 II of the Housing Amendments of 1955 is amended to read
22 as follows:

23 “(c) In the processing of applications for financial as-
24 sistance under this section, the Administrator shall give
25 priority first to applications of counties, cities, and other

1 municipalities and political subdivisions for financing needed
2 public facilities in areas determined to be areas of substantial
3 and persistent unemployment under the Area Assistance Act
4 of 1959: *Provided*, That the Secretary of Commerce cer-
5 tifies there is reasonable probability that with assistance made
6 available under the Area Assistance Act of 1959 and other
7 undertakings such areas will be able to achieve lasting im-
8 provement in their economic development; and second, to
9 applications of smaller municipalities for assistance in the
10 construction of basic public works (including works for the
11 storage, treatment, purification, or distribution of water;
12 sewage, sewage treatment, and sewer facilities; and gas
13 distribution systems) for which there is an urgent and vital
14 public need.”

15 SEC. 105. The second sentence of section 701 of the
16 Housing Act of 1954, as amended, is amended by adding the
17 following in clause (2) after the words “decennial census
18 which”: “(i) are situated in areas designated by the Sec-
19 retary of Commerce under the Area Assistance Act of
20 1959 as areas of substantial and persistent unemployment
21 or (ii)”.

22 GRANTS FOR TECHNICAL ASSISTANCE

23 SEC. 106. (a) In carrying out section 101 (b) (1), the
24 Secretary is authorized to make grants for technical assistance

1 including studies evaluating the needs of, and developing
2 potentialities for, economic growth of areas designated under
3 section 101 (a). These grants may be made without regard
4 to section 3648 of the Revised Statutes, as amended (31
5 U.S.C. 529). Appropriations are hereby authorized for
6 these grants in an amount not to exceed \$1,500,000 annually.

7 (b) In carrying out section 101 (c) (2), the Secretary
8 is authorized to make similar grants for the benefit of towns
9 and areas described therein. Negotiations taking into ac-
10 count the financial ability of the grantee and other relevant
11 considerations shall be made for contributions to costs of
12 projects undertaken hereunder. These grants may be made
13 without regard to section 3648 of the Revised Statutes, as
14 amended (31 U.S.C. 529), and appropriations therefor are
15 hereby authorized in an amount not to exceed \$1,500,000
16 annually.

17 LOANS

18 SEC. 107. (a) In carrying out section 101 (b) (2) of
19 this Act, the Secretary is authorized to aid in financing any
20 project for the purchase or development of land and facilities
21 for industrial usage, for the construction of new factory build-
22 ings, for rehabilitation of abandoned or unoccupied factory
23 buildings, or for the alteration, conversion, or enlargement
24 of any existing buildings for industrial use. Such loans shall
25 not be extended for working capital, for purchase of ma-

1 chinery or equipment, or to assist establishments relocating
2 from one area to another when such assistance will result
3 in substantial detriment to the area of original location by
4 increasing unemployment.

5 (b) Loans made under this section shall be on such
6 terms and conditions as the Secretary determines, subject,
7 however, to the following restrictions and limitations:

8 (1) The total amount of loans outstanding at any
9 one time shall not exceed \$50,000,000;

10 (2) Such loans shall be extended only to appli-
11 cants, both private and public, approved by the State
12 (or any agency or instrumentality thereof concerned
13 with problems of economic development) in which the
14 project to be financed shall be located;

15 (3) No such loan shall be extended hereunder un-
16 less the financial assistance applied for is not otherwise
17 available from other lenders on reasonable terms;

18 (4) No direct loan shall be made unless it is de-
19 termined that an immediate participation is not
20 available;

21 (5) No loans shall be made unless it is determined
22 that there is a reasonable assurance of repayment;

23 (6) Each loan shall bear interest at a rate not less
24 than the interest rate currently payable under section
25 108 (e) on advances from the Treasury plus additional

1 amounts deemed adequate to cover administrative ex-
2 penses and a reasonable reserve for losses;

3 (7) No loan, including renewals or extension
4 thereof, may be made hereunder for a period exceeding
5 twenty-five years: *Provided*, That the foregoing restric-
6 tions on maturities shall not apply to securities or ob-
7 ligations received by the Secretary as a claimant in
8 bankruptcy or equitable reorganization or as a creditor
9 in other proceedings attendant upon insolvency of the
10 obligor, or if extension or renewal for additional periods,
11 not to exceed, however, a total of ten years, will aid
12 in the orderly liquidation of such loan or of such evi-
13 dence of indebtedness;

14 (8) (A) No less than 15 per centum of the aggre-
15 gate cost to the applicant (excluding all other Federal
16 aid in connection with the undertaking) of acquiring or
17 developing land and facilities, and of constructing, alter-
18 ing, converting, rehabilitating, or enlarging the build-
19 ing or buildings of the particular project shall be supplied
20 by the State or any agency, instrumentality, or political
21 subdivision thereof, or by a community or area organiza-
22 tion, as equity capital or as a loan repayable only after
23 the financial assistance hereunder has been repaid in full
24 according to the terms thereof and, if such loan is se-
25 cured, its security shall be subordinate and inferior to

1 the lien or liens securing the financial assistance here-
2 under.

3 (B) Of the remaining 85 per centum of the aggre-
4 gate cost, 35 per centum of the aggregate cost may be
5 loaned by the Secretary under the terms of this Act and
6 security for such a loan may be subordinate and inferior
7 to the lien or liens which secure any loan or financing
8 other than funds required by section 107 (b) (8) (A).

9 Loans shall not be available hereunder unless other
10 funds are available in an amount which, together with
11 assistance provided hereunder and funds provided under
12 section 107 (b) (8) (A), shall be sufficient to pay such
13 aggregate cost.

14 (9) No such loan shall be extended unless there
15 shall be submitted and approved by the Secretary an
16 overall program for the economic development of the
17 area and a finding by the State, or any agency, instru-
18 mentality, or local political subdivision thereof, that the
19 project for which loans is sought is consistent with such
20 program: *Provided*, That nothing in this Act shall
21 authorize financial assistance for any project prohibited
22 by laws of the State or local political subdivision in
23 which the project would be located.

1 AREA ASSISTANCE FUND

2 SEC. 108. (a) There is hereby authorized to be estab-
3 lished in the Treasury of the United States a revolving fund
4 fund to be known as the area assistance fund (hereinafter
5 referred to as the "fund"), which shall be available to the
6 Secretary for the payment of all obligations and expenses
7 in connection with the loans authorized under section 101
8 (b) (2).

9 (b) When requested by the Secretary, advances shall
10 be made to the fund from the appropriations made therefor.
11 There is hereby authorized to be appropriated for the pur-
12 pose of making advances to the fund, without fiscal year
13 limitation, an amount not exceeding \$50,000,000.

14 (c) Receipts arising from the loan program shall be
15 credited to the fund.

16 (d) Any moneys in the fund determined by the Secre-
17 tary to be in excess of current needs shall be credited to
18 the appropriation from which advanced to be held for future
19 advances to the fund.

20 (e) There shall be paid into miscellaneous receipts of
21 the Treasury at the close of each fiscal year interest on
22 advances to the fund at a rate which shall be determined by
23 the Secretary of the Treasury after taking into consideration
24 the current average market yields of outstanding marketable

1 obligations of the United States having maturities comparable
2 to loans made by the Secretary.

3 (f) Contributions shall be made from the fund to the
4 civil service retirement and disability fund, on the basis of
5 annual billings as determined by the Civil Service Commis-
6 sion, for the Government's share of the cost of the civil
7 service retirement system applicable to employees (and their
8 beneficiaries) performing activities authorized under section
9 101 (b) (2). Contributions shall also be made to the em-
10 ployee's compensation fund, on the basis of annual billings
11 as determined by the Secretary of Labor, for the benefit pay-
12 ments made from such fund on account of employees per-
13 forming activities authorized under section 101 (b) (2).
14 The annual billings shall also include a statement of the fair
15 portion of the cost of the administration of the respective
16 funds, which shall be paid by the Secretary into the Treasury
17 as miscellaneous receipts.

18 BUDGET AND AUDIT

19 SEC. 109. In the performance of and with respect to the
20 functions, powers, and duties vested in him by section 107
21 of this Act, the Secretary shall—

22 (a) prepare annually and submit a budget program
23 as provided for wholly owned Government corporations

1 by the Government Corporation Control Act, as
2 amended; and

3 (b) maintain a set of accounts which shall be
4 audited annually by the General Accounting Office in
5 accordance with the principles and procedures applicable
6 to commercial transactions as provided by the Govern-
7 ment Corporation Control Act, as amended, and no
8 other audit shall be required: *Provided*, That the Secre-
9 tary with respect to the program of financial assistance
10 authorized by section 101 (b) (2) shall determine the
11 character of and the necessity for obligations and expend-
12 itures and the manner in which they shall be incurred,
13 allowed, and paid, subject to provisions of law specifi-
14 cally applicable to Government corporations.

15 AREA ASSISTANCE ADMINISTRATOR

16 SEC. 110. There shall be appointed by the President by
17 and with the advice and consent of the Senate an Area
18 Assistance Administrator in the Department of Commerce
19 who shall receive compensation at a rate equal to that re-
20 ceived by Assistant Secretaries of Commerce. The Adminis-
21 trator shall perform such duties in the execution of this Act
22 as the Secretary may assign.

POWERS

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SEC. 111. In the performance of, and with respect to the functions, powers, and duties vested in him under this Act, the Secretary may—

(a) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties;

(b) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(c) under such regulations as he may prescribe, make such findings and determinations as may be required for the proper administration of this Act and such findings and determinations, together with those required to be made by the Secretary of Labor pursuant to section 102 hereof, shall be final and shall not be subject to review in any court by mandamus or otherwise: *Provided*, That with respect to the validity, effect, and enforcement of section 101 (b) (2) hereof or

1 security taken thereunder, statutes, rules and regula-
2 tions pertaining generally to suits by and against the
3 United States shall be applicable;

4 (d) under regulations prescribed by him, assign
5 or sell at public or private sale, or otherwise dispose of
6 for cash or credit, in his discretion and upon such terms
7 and conditions and for such consideration as the Secre-
8 tary shall determine to be reasonable, any evidence of
9 debt, contract, claim, personal property, or security
10 assigned to or held by him in connection with the pay-
11 ment of loans granted under this title, and to collect
12 or compromise all obligations assigned to or held by
13 him and all legal or equitable rights accruing to him in
14 connection with the payment of such loans until such
15 time as such obligation may be referred to the Attorney
16 General for suit or collection;

17 (e) deal with, complete, renovate, improve, mod-
18 ernize, insure, rent, or sell for cash or credit, upon such
19 terms and conditions and for such consideration as the
20 Secretary shall determine to be reasonable, any real
21 property conveyed to or otherwise acquired by him in
22 connection with the payment of loans granted under
23 this title;

24 (f) pursue to final collection, by way of com-
25 promise or other administrative action prior to reference

1 to the Attorney General, all claims against third parties
2 assigned to the Secretary in connection with loans made
3 by him. Section 3709 of the Revised Statutes, as
4 amended (41 U.S.C. 5), shall not be construed to apply
5 to any contract of hazard insurance or to any purchase
6 or contract for services or supplies on account of prop-
7 erty obtained by the Secretary as a result of loans made
8 under this title if the premium therefor or the amount
9 thereof does not exceed \$1,000. The power to convey
10 and to execute in the name of the Secretary deeds of
11 conveyance, deeds of release, assignments and satisfac-
12 tions of mortgages, and any other written instrument
13 relating to real property or any interest therein acquired
14 by the Secretary pursuant to the provisions of this title
15 may be exercised by the Secretary or by any officer or
16 agent appointed by him for the purpose;

17 (g) acquire, in any lawful manner, any property
18 (real, personal, or mixed, tangible, or intangible), when-
19 ever deemed necessary or appropriate to the conduct of
20 the activities authorized in section 101 (b) (2) of this
21 Act; and

22 (h) in addition to any powers, functions, privileges,
23 and immunities otherwise vested in him, take any and
24 all actions, including the procurement of the services of
25 attorneys by contract, determined by him to be neces-

1 sary or desirable in making, servicing, compromising,
 2 modifying, liquidating, or otherwise administratively
 3 dealing with or realizing on loans made or securities ac-
 4 quired under the provisions of this title: *Provided*, That
 5 no attorney's services shall be produced by contract in
 6 any office where an attorney or attorneys are or can be
 7 economically employed full time to render such service.

8 ADVISORY BOARD

9 SEC. 112. To advise the Secretary in the performance
 10 of functions authorized by this Act, there is authorized to
 11 be created an Area Assistance Advisory Board, hereinafter
 12 referred to as the "Board", which shall consist of the fol-
 13 lowing members, all ex officio: The Secretary, as Chairman;
 14 the Secretaries of Agriculture, Health, Education, and Wel-
 15 fare, Labor, and Treasury, the Administrators of the Housing
 16 and Home Finance Agency and of the Small Business Ad-
 17 ministration. The Chairman may from time to time invite
 18 the participation of officials of other agencies of the executive
 19 branch interested in the functions herein authorized. Each
 20 member of the Board may designate an officer of his agency
 21 to act for him as a member of the Board with respect to
 22 any matter there considered.

23 DEPOSITARIES AND AGENTS

24 SEC. 113. The Federal Reserve banks are authorized
 25 and directed to act as custodians and fiscal agents for the Sec-
 26 retary in the general performance of the powers conferred

1 by this title. Each Federal Reserve bank shall be entitled
2 to be reimbursed for all expenses incurred as such fiscal
3 agents. Any banks insured by the Federal Deposit Insur-
4 ance Corporation, when designated by the Secretary of the
5 Treasury, may act as custodians and depositaries for the
6 Secretary.

7 PENALTIES

8 SEC. 114. With respect to financial assistance authorized
9 by this Act:

10 (a) Whoever makes any statement knowing it to be
11 false, or whoever willfully overvalues any security, for the
12 purpose of obtaining for himself or for any applicant any
13 loan, or extension thereof by renewal, deferment of action,
14 or otherwise, or the acceptance, release, or substitution of se-
15 curity therefor, or for the purpose of influencing in any way
16 the action of the Secretary, or for the purpose of obtaining
17 money, property, or anything of value, under this Act, shall
18 be punished by a fine of not more than \$10,000 or by im-
19 prisonment for not more than five years, or both.

20 (b) Whoever, being connected in any capacity with the
21 Secretary (1) embezzles, abstracts, purloins, or willfully mis-
22 applies any moneys, funds, securities, or other things of
23 value, whether belonging to him or pledged or otherwise en-
24 trusted to him, or (2) with intent to defraud the Secretary
25 or any other body politic or corporate, or any individual, or

1 to deceive any officer, auditor, or examiner of the Secretary
2 makes any false entry in any book, report, or statement of or
3 to the Secretary, or, without being duly authorized, draws
4 any order or issues, puts forth, or assigns any note, debenture,
5 bond, or other obligation, or draft bill of exchange, mortgage,
6 judgment, or decree thereof, or (3) with intent to defraud
7 participates, shares, receives directly or indirectly any
8 money, profit, property, or benefit through any transaction,
9 loan, commission, contract, or any other act of the Secretary,
10 or (4) gives any unauthorized information concerning any
11 future action or plan of the Secretary which might affect the
12 value of securities, or, having such knowledge, invests or
13 speculates, directly or indirectly, in the securities or property
14 of any company or corporation receiving loans or other assist-
15 ance from the Secretary shall be punished by a fine of not
16 more than \$10,000 or by imprisonment for not more than
17 five years, or both.

18 (c) As used in this section, the term "Secretary" shall
19 mean, with respect to the lending activities of the Housing
20 and Home Finance Administrator authorized under this Act,
21 the Housing and Home Finance Administrator.

22 USE OF OTHER FACILITIES

23 SEC. 115. (a) To avoid duplication of activities and
24 minimize expense in carrying out the provisions of this Act,
25 the Secretary shall to the extent practicable and with their

1 consent use the available services and facilities of other agen-
2 cies and instrumentalities of the Federal Government on a
3 reimbursable basis.

4 (b) Departments and agencies of the Federal Govern-
5 ment shall exercise their powers, duties, and functions in
6 such manner as will assist in carrying out the objectives of
7 this Act. This Act shall be supplemental to any existing
8 authority and nothing herein shall be deemed to be restric-
9 tive of any existing powers, duties, and functions of any
10 other department or agency of the Federal Government.

11 CONSULTANTS

12 SEC. 116. The Secretary is authorized to obtain services
13 as authorized by section 15 of the Act of August 2, 1946
14 (5 U.S.C. 55 (a)), at rates not to exceed \$75 per diem for
15 individuals.

16 ANNUAL REPORT

17 SEC. 117. The Secretary shall make a comprehensive
18 annual report of his operations under this Act for the fiscal
19 year ending on the preceding June 30, to the President, for
20 transmission to the Congress as soon as practicable in each
21 year, but in no case later than the third day of the following
22 January.

23 AUTHORIZATION FOR APPROPRIATIONS

24 SEC. 118. In addition to appropriations specifically au-
25 thorized by sections 106 and 108, appropriations are further

A BILL

To assist areas to develop and maintain stable and diversified economies by a program of financial and technical assistance and otherwise, and for other purposes.

By Mr. KILBURN

FEBRUARY 9, 1959

Referred to the Committee on Banking and Currency

1 authorized for the carrying out of other provisions and pur-
2 poses of this Act.

S. 1064

IN THE SENATE OF THE UNITED STATES

FEBRUARY 16, 1959

Mr. DIRKSEN introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To assist areas to develop and maintain stable and diversified economies by a program of financial and technical assistance and otherwise, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Area Assistance Act of
4 1959".

5 DECLARATION OF PURPOSE

6 SEC. 2. The Congress declares that, even during periods
7 of prosperity for the Nation as a whole, some of our com-
8 munities suffer substantial and persistent unemployment;
9 that such unemployment causes hardship to many individuals
10 and their families and detracts from the national welfare by

1 wasting vital human resources; that to overcome this prob-
2 lem the Federal Government, in cooperation with the States,
3 should help areas of substantial and persistent unemployment
4 to take effective steps in planning and financing their eco-
5 nomic development; that Federal assistance should enable
6 communities to achieve lasting improvement and decrease
7 economic vulnerability by the establishment of stable and
8 diversified local economies; and that new employment oppor-
9 tunities should be created rather than merely transferred from
10 one community to another.

11 AUTHORITY OF SECRETARY OF COMMERCE

12 SEC. 101. (a) The Secretary of Commerce, hereinafter
13 referred to as the Secretary, may designate as an area of sub-
14 stantial and persistent unemployment any area certified as
15 eligible for such designation by the Secretary of Labor.

16 (b) To assist areas in the United States designated as
17 areas of substantial and persistent unemployment, the Secre-
18 tary is authorized—

19 (1) to make grants for technical assistance for such
20 areas in accordance with the provisions of section 106

21 (a) of this Act; and

22 (2) to provide loans for such areas in accordance
23 with the provisions of section 107 of this Act.

24 (c) The Secretary is also authorized—

25 (1) to extend the full cooperation of the Federal

Government to all areas in the United States (including Puerto Rico) in promoting the more effective use of local resources, in the establishment of new industries based on local resources, and in the expansion of existing industries; such cooperation to be provided through technical advice and consultation and, when necessary, through the conduct of special studies.

(2) to decrease, through grants made in accordance with the provisions of section 106 (b) of this Act, the economic vulnerability of towns predominantly dependent on one industry, small towns which could serve as centers for economic diversification of rural areas of underemployment, and rural low-income areas by helping them develop manufacturing, processing, and other activities calculated to diversify and improve their economics; and

(3) to coordinate his functions under this Act with those of the Secretary of Agriculture and other officials administering Federal programs affecting local economic conditions.

(d) As used in this Act: (1) The term "United States" includes the several States, the Territory of Hawaii, and the District of Columbia; (2) the term "State" refers to an individual State, the Territory of Hawaii, or the District of Columbia; and (3) the term "loan" includes loans, im-

1 mediate participation in loans, and purchase of evidences of
2 indebtedness.

3 AUTHORITY OF SECRETARY OF LABOR

4 SEC. 102. (a) The Secretary of Labor shall from time
5 to time, or upon the request of the Secretary, certify the
6 existence of areas eligible for designation as areas of sub-
7 stantial and persistent unemployment whenever he finds,
8 on the basis of available labor force data, or studies which
9 he initiates when he deems necessary, that—

10 (1) the rate of unemployment in the area, exclud-
11 ing unemployment due primarily to temporary or sea-
12 sonal factors, is currently '6 per centum and has aver-
13 aged at least 6 per centum for the qualifying time
14 periods specified in (2) below; and

15 (2) The annual average rate of unemployment in
16 the area has been at least—

17 (A) 50 per centum above the national aver-
18 age for four of the preceding five calendar years, or

19 (B) 75 per centum above the national average
20 for three of the preceding four calendar years, or

21 (C) 100 per centum above the national average
22 for two of the preceding three calendar years; and

23 (3) nonagricultural employment in the area has de-
24 clined, or has shown a smaller increase than in the coun-
25 try as a whole, during the preceding five calendar years:

1 *Provided*, That no area shall be excluded by the require-
2 ment of this subsection if the annual average rate of un-
3 employment in that area for three of the last four years
4 exceeds 8 per centum.

5 (b) In the case of labor market areas for which appro-
6 priate historical labor force data have not been compiled, the
7 Secretary of Labor shall certify as eligible for designation as
8 areas of substantial and persistent unemployment those areas
9 in which the unemployment rate and duration, based on a
10 survey of available labor force data, generally equals or ex-
11 ceeds the rate and duration specified in section 102 (a) .

12 (c) The Secretary of Labor may also certify under sub-
13 section (a) or (b) of this section the existence of eligible
14 areas upon request of any appropriate State government
15 agency, instrumentality, or political subdivision.

16 (d) The Secretary of Labor is authorized, upon request
17 and whenever he determines that such studies are needed, to
18 undertake, or to provide assistance to others in studies of the
19 size, characteristics, skills, adaptability, occupational poten-
20 tialities, and related aspects of the labor force of an area certi-
21 fied under section 102.

22 (e) When skills of the labor force in an area designated
23 under section 101 are not such as to facilitate full utilization
24 of the human resources in such area, the Secretary of Labor
25 is authorized to provide advice and technical assistance in

1 developing and carrying out a program to improve the
2 utilization of such labor force.

3 (f) Whenever the Secretary of Labor finds a need for
4 vocational education services in an area designated under
5 section 101 and when such area has an economic develop-
6 ment program as provided in section 107 (b) (9), he is
7 authorized to assist interested agencies to determine the
8 vocational training needs of unemployed individuals resid-
9 ing in the area, and he shall notify the Secretary of Health,
10 Education, and Welfare of the vocational training or retrain-
11 ing requirements of the area. The Secretary of Health,
12 Education, and Welfare, through the Commissioner of Edu-
13 cation, is authorized to provide assistance, including financial
14 assistance when necessary or appropriate, to the State voca-
15 tional education agency in the provision of such services
16 in the area.

17 AUTHORITY OF HOUSING AND HOME FINANCE

18 ADMINISTRATOR

19 SEC. 103. Title I of the Housing Act of 1949, as
20 amended, is amended by adding the following new heading
21 and section at the end of title I:

22 "AREAS OF SUBSTANTIAL AND PERSISTENT

23 UNEMPLOYMENT

24 "SEC. 112. (a) When the Secretary of Commerce cer-
25 tifies to the Administrator (1) that any county, city, or

1 other municipality (referred to as 'municipality' in this sec-
2 tion) is situated in an area designated by the Secretary of
3 Commerce pursuant to the Area Assistance Act of 1959 as
4 an area of substantial and persistent unemployment, and
5 (2) that there is a reasonable probability that with assist-
6 ance provided under the Area Assistance Act of 1959 and
7 other undertakings the area will be able to achieve lasting
8 improvement in its economic development, the Administra-
9 tor is authorized to extend financial assistance to a local
10 public agency in any such municipality under this title and
11 the provisions of this section.

12 “(b) The Administrator may provide such financial as-
13 sistance under this section without regard to the requirements
14 or limitations of section 110 (c) of this title that the project
15 area be clearly predominantly residential in character or that
16 it will be predominantly residential under the urban renewal
17 plan.

18 “(c) Financial assistance under this section may be pro-
19 vided for any project involving a project area including pri-
20 marily industrial or commercial structures suitable for reha-
21 bilitation under the urban renewal plan for the area.

22 “(d) Notwithstanding any other provisions of this
23 title, a contract for financial assistance under this section
24 may include provisions permitting the disposition of any
25 land in the project area designated under the urban renewal

1 plan for industrial or commercial uses to any public agency
2 or nonprofit corporation for subsequent disposition as
3 promptly as practicable by such public agency or corpora-
4 tion for the redevelopment of the land in accordance with
5 the urban renewal plan: *Provided*, That any disposition
6 of such land to such public agency or corporation under this
7 section shall be made at not less than its fair value for uses
8 in accordance with the urban renewal plan: *And provided*
9 *further*, That the purchaser from or lessees of such public
10 agency or corporation, and their assignees, shall be re-
11 quired to assume the obligations imposed in conformity with
12 the requirements of section 105 (b) hereof.

13 “(e) Following the execution of any contract for fi-
14 nancial assistance under this section with respect to any
15 project, the Administrator may exercise the authority vested
16 under this section for the completion of such project not-
17 withstanding any determination made after the execution
18 of such contract that the area in which the project is lo-
19 cated may no longer be an area of substantial and persistent
20 unemployment.”

21 SEC. 104. The first sentence of section 202 (c) of title
22 II of the Housing Amendments of 1955 is amended to
23 read as follows:

24 “(c) In the processing of applications for financial as-

1 sistance under this section, the Administrator shall give
2 priority first to applications of counties, cities, and other
3 municipalities and political subdivisions for financing needed
4 public facilities in areas determined to be areas of substantial
5 and persistent unemployment under the Area Assistance
6 Act of 1959: *Provided*, That the Secretary of Commerce
7 certifies there is reasonable probability that with assistance
8 made available under the Area Assistance Act of 1959 and
9 other undertakings such areas will be able to achieve lasting
10 improvement in their economic development; and, second,
11 to applications of smaller municipalities for assistance in the
12 construction of basic public works (including works for the
13 storage, treatment, purification or distribution of water;
14 sewage, sewage treatment, and sewer facilities; and gas
15 distribution systems) for which there is an urgent and vital
16 public need.”

17 SEC. 105. The second sentence of section 701 of the
18 Housing Act of 1954, as amended, is amended by adding
19 the following in clause (2) after the words “decennial census
20 which”: “(i) are situated in areas designated by the
21 Secretary of Commerce under the Area Assistance Act
22 of 1959 as areas of substantial and persistent unemployment
23 or (ii) ”.

1 GRANTS FOR TECHNICAL ASSISTANCE

2 SEC. 106. (a) In carrying out section 101 (b) (1), the
3 Secretary is authorized to make grants for technical assist-
4 ance including studies evaluating the needs of, and develop-
5 ing potentialities for, economic growth of areas designated
6 under section 101 (a). These grants may be made without
7 regard to section 3648 of the Revised Statutes, as amended
8 (31 U.S.C. 529). Appropriations are hereby authorized
9 for these grants in an amount not to exceed \$1,500,000
10 annually.

11 (b) In carrying out section 101 (c) (2), the Secretary
12 is authorized to make similar grants for the benefit of towns
13 and areas described therein. Negotiations taking into ac-
14 count the financial ability of the grantee and other relevant
15 considerations shall be made for contributions to costs of
16 projects undertaken hereunder. These grants may be made
17 without regard to section 3648 of the Revised Statutes, as
18 amended (31 U.S.C. 529), and appropriations therefor are
19 hereby authorized in an amount not to exceed \$1,500,000
20 annually.

21 LOANS

22 SEC. 107. (a) In carrying out section 101 (b) (2) of
23 this Act, the Secretary is authorized to aid in financing any
24 project for the purchase or development of land and facilities
25 for industrial usage, for the construction of new factory

1 buildings, for rehabilitation of abandoned or unoccupied fac-
2 tory buildings, or for the alteration, conversion, or enlarge-
3 ment of any existing buildings for industrial use. Such loans
4 shall not be extended for working capital, for purchase of
5 machinery or equipment, or to assist establishments relocat-
6 ing from one area to another when such assistance will result
7 in substantial detriment to the area of original location by
8 increasing unemployment.

9 (b) Loans made under this section shall be on such
10 terms and conditions as the Secretary determines, subject,
11 however, to the following restrictions and limitations:

12 (1) The total amount of loans outstanding at any
13 one time shall not exceed \$50,000,000;

14 (2) Such loans shall be extended only to applicants,
15 both private and public, approved by the State (or any
16 agency or instrumentality thereof concerned with prob-
17 lems of economic development) in which the project to
18 be financed shall be located;

19 (3) No such loan shall be extended hereunder un-
20 less the financial assistance applied for is not otherwise
21 available from other lenders on reasonable terms;

22 (4) No direct loan shall be made unless it is de-
23 termined that an immediate participation is not avail-
24 able;

1 (5) No loans shall be made unless it is determined
2 that there is a reasonable assurance of repayment;

3 - (6) Each loan shall bear interest at a rate not less
4 than the interest rate currently payable under section
5 108 (e) on advances from the Treasury plus additional
6 amounts deemed adequate to cover administrative ex-
7 penses and a reasonable reserve for losses;

8 (7) No loan, including renewals or extension
9 thereof, may be made hereunder for a period exceeding
10 twenty-five years: *Provided*, That the foregoing re-
11 strictions on maturities shall not apply to securities or
12 obligations received by the Secretary as a claimant in
13 bankruptcy or equitable reorganization or as a creditor
14 in other proceedings attendant upon insolvency of the
15 obligor, or if extension or renewal or additional periods,
16 not to exceed, however, a total of ten years, will aid in
17 the orderly liquidation of such loan or of such evidence
18 of indebtedness;

19 (8) (A) Not less than 15 per centum of the aggre-
20 gate cost to the applicant (excluding all other Federal
21 aid in connection with the undertaking) of acquiring or
22 developing land and facilities, and of constructing, alter-
23 ing, converting, rehabilitating, or enlarging the building
24 or buildings of the particular project shall be supplied by
25 the State or any agency, instrumentality, or political

subdivision thereof, or by a community or area organization, as equity capital or as a loan repayable only after the financial assistance hereunder has been repaid in full according to the terms thereof and, if such loan is secured, its security shall be subordinate and inferior to the lien or liens securing the financial assistance hereunder;

(B) Of the remaining 85 per centum of the aggregate cost, 35 per centum of the aggregate cost may be loaned by the Secretary under the terms of this Act and security for such a loan may be subordinate and inferior to the lien or liens which secure any loan or financing other than funds required by section 107 (b) (8) (A).

(C) Loans shall not be available hereunder unless other funds are available in an amount which, together with assistance provided hereunder and funds provided under section 107 (b) (8) (A), shall be sufficient to pay such aggregate cost; and

(9) No such loan shall be extended unless there shall be submitted and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which loans is sought is consistent with such

1 program: *Provided*, That nothing in this Act shall
2 authorize financial assistance for any project prohibited
3 by laws of the State or local political subdivision in which
4 the project would be located.

5 AREA ASSISTANCE FUND

6 SEC. 108. (a) There is hereby authorized to be estab-
7 lished in the Treasury of the United States a revolving fund
8 to be known as the area assistance fund (hereinafter referred
9 to as the "fund"), which shall be available to the Secretary
10 for the payment of all obligations and expenses in connection
11 with the loans authorized under section 101 (b) (2) .

12 (b) When requested by the Secretary, advances shall
13 be made to the fund from the appropriations made therefor.
14 There is hereby authorized to be appropriated for the purpose
15 of making advances to the fund, without fiscal year limita-
16 tion, an amount not exceeding \$50,000,000.

17 (c) Receipts arising from the loan program shall be
18 credited to the fund.

19 (d) Any moneys in the fund determined by the Sec-
20 retary to be in excess of current needs shall be credited to
21 the appropriation from which advanced to be held for future
22 advances to the fund.

23 (e) There shall be paid into miscellaneous receipts of
24 the Treasury at the close of each fiscal year interest on

1 advances to the fund at a rate which shall be determined
2 by the Secretary of the Treasury after taking into considera-
3 tion the current average market yields of outstanding mar-
4 ketable obligations of the United States having maturities
5 comparable to loans made by the Secretary.

6 (f) Contributions shall be made from the fund to the
7 civil service retirement and disability fund, on the basis of
8 annual billings as determined by the Civil Service Commis-
9 sion, for the Government's share of the cost of the civil
10 service retirement system applicable to employees (and
11 their beneficiaries) performing activities authorized under
12 section 101 (b) (2). Contributions shall also be made to
13 the employee's compensation fund, on the basis of annual
14 billings as determined by the Secretary of Labor, for the
15 benefit payments made from such fund on account of em-
16 ployees performing activities authorized under section
17 101 (b) (2). The annual billings shall also include a state-
18 ment of the fair portion of the cost of the administration of
19 the respective funds, which shall be paid by the Secretary
20 into the Treasury as miscellaneous receipts.

21 BUDGET AND AUDIT

22 SEC. 109. In the performance of and with respect to the
23 functions, powers, and duties vested in him by section 107 of
24 this Act, the Secretary shall—

1 (a) prepare annually and submit a budget program
2 as provided for wholly owned Government corporations
3 by the Government Corporation Control Act, as
4 amended; and

5 (b) maintain a set of accounts which shall be
6 audited annually by the General Accounting Office in
7 accordance with the principles and procedures applicable
8 to commercial transactions as provided by the Govern-
9 ment Corporation Control Act, as amended, and no other
10 audit shall be required: *Provided*, That the Secretary,
11 with respect to the program of financial assistance
12 authorized by section 101 (b) (2), shall determine the
13 character of and the necessity for obligations and ex-
14 penditures and the manner in which they shall be in-
15 curred, allowed, and paid, subject to provisions of law
16 specifically applicable to Government corporations.

17 AREA ASSISTANCE ADMINISTRATOR

18 SEC. 110. There shall be appointed by the President,
19 by and with the advice and consent of the Senate, an Area
20 Assistance Administrator in the Department of Commerce,
21 who shall receive compensation at a rate equal to that re-
22 ceived by Assistant Secretaries of Commerce. The Admin-
23 istrator shall perform such duties in the execution of this
24 Act as the Secretary may assign.

POWERS

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SEC. 111. In the performance of, and with respect to, the functions, powers, and duties vested in him under this Act, the Secretary may—

(a) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties;

(b) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(c) under such regulations as he may prescribe, make such findings and determinations as may be required for the proper administration of this Act and such findings and determinations, together with those required to be made by the Secretary of Labor pursuant to section 102, hereof, shall be final and shall not be subject to review in any court by mandamus or otherwise:

Provided, That with respect to the validity, effect, and enforcement of section 101 (b) (2) hereof or security

1 taken thereunder, statutes, rules and regulations pertain-
2 ing generally to suits by and against the United States
3 shall be applicable;

4 (d) under regulations prescribed by him, assign or
5 sell at public or private sale, or otherwise dispose of
6 for cash or credit, in his discretion and upon such terms
7 and conditions and for such consideration as the Secre-
8 tary shall determine to be reasonable, any evidence of
9 debt, contract, claim, personal property, or security
10 assigned to or held by him in connection with the pay-
11 ment of loans granted under this title, and to collect or
12 compromise all obligations assigned to or held by him
13 and all legal or equitable rights accruing to him in
14 connection with the payment of such loans until such
15 time as such obligation may be referred to the Attorney
16 General for suit or collection;

17 (e) deal with, complete, renovate, improve, mod-
18 ernize, insure, rent, or sell for cash or credit, upon such
19 terms and conditions and for such consideration as the
20 Secretary shall determine to be reasonable, any real
21 property conveyed to or otherwise acquired by him in
22 connection with the payment of loans granted under this
23 title;

24 (f) pursue to final collection, by way of compromise
25 or other administrative action prior to reference to the

1 Attorney General, all claims against third parties as-
2 signed to the Secretary in connection with loans made by
3 him. Section 3709 of the Revised Statutes, as amended
4 (41 U.S.C. 5), shall not be construed to apply to any
5 contract of hazard insurance or to any purchase or con-
6 tract for services or supplies on account of property
7 obtained by the Secretary as a result of loans made
8 under this title if the premium therefor or the amount
9 thereof does not exceed \$1,000. The power to convey
10 and to execute in the name of the Secretary deeds of
11 conveyance, deeds of release, assignments and satisfac-
12 tions of mortgages, and any other written instrument
13 relating to real property or any interest therein acquired
14 by the Secretary pursuant to the provisions of this title,
15 may be exercised by the Secretary or by any officer or
16 agent appointed by him for the purpose;

17 (g) acquire, in any lawful manner, any property
18 (real, personal, or mixed, tangible or intangible), when-
19 ever deemed necessary or appropriate to the conduct of
20 the activities authorized in section 101 (b) (2) of this
21 Act; and

22 (h) in addition to any powers, functions, privileges,
23 and immunities otherwise vested in him, take any and
24 all actions, including the procurement of the services
25 of attorneys by contract, determined by him to be neces-

1 sary or desirable in making, servicing, compromising,
2 modifying, liquidating, or otherwise administratively
3 dealing with or realizing on loans made or securities
4 acquired under the provisions of this title: *Provided*,
5 That no attorney's services shall be produced by con-
6 tract in any office where an attorney or attorneys are or
7 can be economically employed full time to render such
8 service.

9 ADVISORY BOARD

10 SEC. 112. To advise the Secretary in the performance
11 of functions authorized by this Act, there is authorized to
12 be created an Area Assistance Advisory Board, hereinafter
13 referred to as the "Board", which shall consist of the follow-
14 ing members, all ex officio: The Secretary, as Chairman, the
15 Secretaries of Agriculture, Health, Education, and Welfare,
16 Labor, and Treasury, the Administrators of the Housing
17 and Home Finance Agency and of the Small Business Ad-
18 ministration. The Chairman may from time to time invite
19 the participation of officials of other agencies of the Execu-
20 tive Branch interested in the functions herein authorized.
21 Each member of the Board may designate an officer of his
22 agency to act for him as a member of the Board with respect
23 to any matter there considered.

DEPOSITARIES AND AGENTS

SEC. 113. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Secretary in the general performance of the powers conferred by this title. Each Federal Reserve bank shall be entitled to be reimbursed for all expenses incurred as such fiscal agents. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, may act as custodians and depositaries for the Secretary.

PENALTIES

SEC. 114. With respect to financial assistance authorized by this Act:

(a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished

1 by a fine of not more than \$10,000 or by imprisonment
2 for not more than five years, or both.

3 (b) Whoever, being connected in any capacity
4 with the Secretary (1) embezzles, abstracts, purloins,
5 or willfully misapplies any moneys, funds, securities, or
6 other things of value, whether belonging to him or
7 pledged or otherwise entrusted to him, or (2) with
8 intent to defraud the Secretary or any other body
9 politic or corporate, or any individual, or to deceive any
10 officer, auditor, or examiner of the Secretary makes
11 any false entry in any book, report, or statement of
12 or to the Secretary, or, without being duly authorized,
13 draws any order or issues, puts forth, or assigns any
14 note, debenture, bond, or other obligation, or draft bill
15 of exchange, mortgage, judgment, or decree thereof,
16 or (3) with intent to defraud participates, shares, re-
17 ceives directly or indirectly any money, profit, prop-
18 erty, or benefit through any transaction, loan, com-
19 mission, contract, or any other act of the Secretary, or
20 (4) gives any unauthorized information concerning
21 any future action or plan of the Secretary which might
22 affect the value of securities, or, having such knowledge,
23 invests or speculates, directly or indirectly, in the se-
24 curities or property of any company or corporation re-
25 ceiving loans or other assistance from the Secretary

1 shall be punished by a fine of not more than \$10,000
2 or by imprisonment for not more than five years, or
3 both.

4 (c) As used in this section, the term "Secretary"
5 shall mean, with respect to the lending activities of
6 the Housing and Home Finance Administrator author-
7 ized under this Act, the Housing and Home Finance
8 Administrator.

9 USE OF OTHER FACILITIES

10 SEC. 115. (a) To avoid duplication of activities and
11 minimize expense in carrying out the provisions of this Act,
12 the Secretary shall to the extent practicable and with their
13 consent use the available services and facilities of other
14 agencies and instrumentalities of the Federal Government
15 on a reimbursable basis.

16 (b) Departments and agencies of the Federal Gov-
17 ernment shall exercise their powers, duties, and functions in
18 such manner as will assist in carrying out the objectives of
19 this Act. This Act shall be supplemental to any existing
20 authority and nothing herein shall be deemed to be restrictive
21 of any existing powers, duties, and functions of any other
22 department or agency of the Federal Government.

23 CONSULTANTS

24 SEC. 116. The Secretary is authorized to obtain services
25 as authorized by section 15 of the Act of August 2, 1946

1 (5 U.S.C. 55 (a)), at rates not to exceed \$75 per diem for
2 individuals.

3 ANNUAL REPORT

4 SEC. 117. The Secretary shall make a comprehensive
5 annual report of his operations under this Act for the fiscal
6 year ending on the preceding June 30, to the President, for
7 transmission to the Congress as soon as practicable in each
8 year, but in no case later than the third day of the following
9 January.

10 AUTHORIZATION FOR APPROPRIATIONS

11 SEC. 118. In addition to appropriations specifically au-
12 thorized by sections 106 and 108, appropriations are further
13 authorized for the carrying out of other provisions and
14 purposes of this Act.

A BILL

To assist areas to develop and maintain stable and diversified economies by a program of financial and technical assistance and otherwise, and for other purposes.

By Mr. DIRKSEN

FEBRUARY 16, 1959

Read twice and referred to the Committee on
Banking and Currency

tection of trademarks used in commerce, to carry out the provisions of international conventions, and for other purposes," approved July 5, 1946, with respect to proceedings in the Patent Office.

The proposal, which has the approval of the trademark committee of the Patent Law Association of Chicago, Ill., amends the act providing for the registration and protection of trademarks used in commerce, to carry out the provisions of international conventions, etc., by providing that any person paying the prescribed fee may file with the Commissioner a declaration expressing his intent to use in commerce a particular mark.

It requires the declaration to contain a drawing of the mark and a specification of the goods in connection with which it is intended that such mark be used. It further directs the Commissioner, unless there is a registration or pending application for registration of the same mark, to publish in the official Gazette (a) the mark; (b) the specified goods or services; and (c) the name and address of the declarant.

The bill provides that during the 6 months period immediately following the date the Commissioner has published a mark pursuant to the foregoing, no application for the registration of such mark under the preceding provisions of this section on the part of any person, other than the person whose mark was published shall be acted upon by the Commissioner.

It permits more than one person to file a declaration with respect to a certain mark but prohibits the second and each succeeding publication of such mark from taking place until 6 months after the date of the last preceding publication of such mark, and sets the filing fee at \$15.

AREA ASSISTANCE ACT OF 1959

Mr. DIRKSEN. Mr. President, I also introduce, for appropriate reference, the administration bill dealing with area redevelopment and assistance to distressed areas. The legislation proposed by the administration to establish a program of Federal assistance to areas of substantial and persistent unemployment has been transmitted to the Senate by the Secretary of Commerce, with his recommendation for its enactment. I believe it will provide adequate Federal participation in local efforts to achieve the diversified economy necessary for an area to overcome long-standing difficulties.

In connection with this statement, Mr. President, which will be short, I also submit a statement explaining the purpose of the bill, and dealing with the conditions under which this proposed legislation would function. I also send forward the bill itself. Therefore, I ask unanimous consent that these statements be printed in the RECORD in connection with my remarks, and that the bill be appropriately referred, but first lie on the desk for some portion of the current week; and I put on notice Senators who may wish to join in sponsoring this proposed legislation.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the statements will be printed in the RECORD.

The bill (S. 1064) to assist areas to develop and maintain stable and diversified economies by a program of financial and technical assistance and otherwise, and for other purposes, introduced by Mr. DIRKSEN, was received, read twice by its

title, and referred to the Committee on Banking and Currency.

The statements presented by Mr. DIRKSEN are as follows:

STATEMENT BY SENATOR DIRKSEN

Legislation proposed by the administration to establish a program of Federal assistance to areas of substantial and persistent unemployment has been transmitted to the Senate by the Secretary of Commerce with his recommendation for enactment.

I believe that this program will provide adequate Federal participation in local efforts to achieve the diversified economy necessary for an area to overcome long-standing difficulties.

As has been stated by the President in seeking such legislation, there is a recognition of a responsibility of the Federal Government to assist these areas which have not shared in periods of prosperity enjoyed by our country generally. Participation by and interest of the troubled areas and of the States in which they are located, however, provides and should continue to provide the main drive toward overcoming their difficulties by use of local resources including human resources.

Specifically, the proposal would authorize Federal loans on a second mortgage basis to help finance development of lands and facilities for industrial usage, the construction of new factory buildings, or the alteration, conversion, or enlargement of existing buildings for industrial use.

It would authorize grants in the amount of \$1.5 million annually for technical assistance including studies to evaluate the needs and to develop potentialities of areas of substantial and persistent unemployment. An equal amount would also be available to assist efforts to decrease the economic vulnerability of towns predominantly dependent on one industry, small towns which could serve as centers for economic diversification of rural areas of underemployment, and rural low-income areas.

Technical assistance on the use of the labor force in areas designated under the proposal would be provided by the Secretary of Labor, and the Secretary of Health, Education and Welfare would assist in the vocational training or retraining of such labor force.

Authority would be provided to allow areas of chronic labor surplus certain benefits under existing housing programs including priorities for loans for public facilities and other special considerations for industrial developments.

Fostering, promoting, and development of our Nation's industry and commerce are duties we have lodged with the Secretary of Commerce. These duties are closely related to the new program to be undertaken. The Department of Commerce presently has an Office of Area Development engaged in helping these very communities within the limits of general authority of the Department. For these reasons, the proposal would center responsibility for carrying out the proposed program in the Secretary of Commerce.

Under this proposal, with the guidance of the Secretary of Commerce, there would be focused on the problems of these communities the total coordinated capabilities of all Federal agencies which can make contributions to full use of resources of these areas.

I believe that this proposed program, including the program of Federal loans to State and local development companies which was passed by the Congress in the last session, will provide the incentive and assistance necessary to enable these areas of chronic unemployment to work out their problems and share in the general high level of prosperity of our Nation.

With respect to the adequacy of the loan fund of \$50 million to do the job, there are several points that should be made:

First, it should be remembered that this bill is confined to local unemployment areas of long standing that need redevelopment and assistance. These areas are definitely limited in number and are generally well known. Other bills that purport to deal with vast rural areas of low income which become almost regional in nature require a much greater fund to be adequate to serve the needs of this much greater coverage.

A second point is that the administration bill limits the Federal participation to 35 percent of project costs. This is on the legitimate assumption that sound projects can secure 50 percent of their financing from private sources, banks, or insurance companies. The private loans up to 50 percent would have the security of a first mortgage, whereas the Federal loans up to 35 percent would be in a second position. Finally, the communities and States are asked under the terms of the bill to make a third contribution of 15 percent. Other bills which commit the Federal Government to a position of up to 65 percent obviously require double the funds.

A third point is that the administration bill does not provide loans for machinery and equipment. Loans are extended only for the factory building itself. Machinery and equipment loans in most instances would exceed the amounts necessary for the building. Other bill do commit the Federal Government to make loans for machinery and equipment unnecessarily, since special payment terms can be negotiated with manufacturers of such machinery in most instances.

Finally, it is believed that the \$50 million revolving fund is adequate in the light of the experience which the State of Pennsylvania has had with a law not too dissimilar from the one which the administration here is proposing. When the experience is translated into national terms, the \$50 million fund is certainly adequate to cover the first 7 or 8 years of experience under this act and probably more.

AREA ASSISTANCE LEGISLATION

Purpose: The purpose of legislative proposals in this field is the establishment of a Federal program of assistance—technical and financial—to areas of substantial and persistent unemployment.

Cost: Under the administration bill, authority would be provided for a loan program with up to \$50 million outstanding at any one time. Grant programs of technical assistance, including studies, at the rate of \$3 million per year, would be authorized. Our preliminary estimate is that the program in its first year would involve administrative expenditures of \$1,400,000 insofar as the Department of Commerce, wherein responsibility for the program would be centered, is concerned.

S. 3683 (the Douglas bill of the 85th Cong.) which was disapproved by the President after the last session of Congress, and which presumably will provide the basis for other proposals on this subject, would provide for a \$200 million limit on loans outstanding for industrial and rural redevelopment areas; \$75 million annually for grants for public facilities; \$4.5 million annually for technical assistance; and necessary administrative expenditures.

Based upon our appraisal of the current situation, we are convinced that the amounts requested in the administration bill are adequate to meet current needs. The relative amounts of funds authorized by the two bills are not a true measure of the relative effectiveness of the two proposals. The program is new. It faces a number of problems, such

as the effective limitation on the use of Federal funds to further "industry snatching" from one community for the benefit of another. Only experience will demonstrate the funds ultimately needed.

Duration: Neither program has a fixed expiration date.

Conditions imposed on loans: Under the administration program, loans could be on a second mortgage basis and could be for terms of 25 years, and would cover up to 35 percent of the cost of purchase and development of land and facilities including construction or rehabilitation of buildings for industrial use. Interest charged would reflect cost of money to the Government, administrative expenses of the loan program, and a reasonable reserve for probable losses.

Under S. 3683, loans could also be on a second mortgage basis, could be for terms of 40 years, could include machinery and equipment, and would cover up to 65 percent of the cost. The need for these terms has not been shown. Interest rates would be at an artificially low rate—cost of money to the Government plus one-fourth of 1 percent.

It should be noted that the administration proposal would require at least 15 percent of the cost to be provided locally with security therefor to be subordinate to security for Federal loans. Under similar circumstances, S. 3683 would require 10 percent participation by a State or local agency or organization, and 5 percent of the cost would be supplied by nongovernmental sources.

Public facilities: The administration proposal would provide a first priority for loans to these areas for public facilities from the existing \$100 million loan fund of the Housing and Home Finance Agency. S. 3683 would authorize \$75 million annual grants for these facilities. The greater local participation which is envisioned by the administration proposal is a fundamental policy difference in the two proposals. The aim of the administration proposal is to help communities which are helping themselves.

Criteria: Differences in the criteria used for singling out areas entitled to consideration under the loan program and other benefits of the act show clearly another major difference between the bills. The criteria of the administration proposal are tailored for the sharply defined objective of helping those communities suffering from chronic economic difficulty.

Rural and other areas: Rural areas where there exist the largest number and percentage of low-income families, and a condition of substantial and persistent unemployment or underemployment would be provided a loan program of \$100 million by S. 3683. Such an area would also be eligible for grants for public facilities.

Under the administration bill, all areas of the United States would be the beneficiaries of the fully coordinated cooperation of Federal agencies in promoting the most effective use of local resources, in the establishment of new industries based on local resources, and in the expansion of existing industries. Such cooperation is to be provided through technical advice and consultation and, when necessary, through the conduct of special studies.

Further, these agencies, including the Department of Agriculture, would also focus their services on the difficulties of low-income rural areas for the purpose of developing effective ways to increase their income.

Grants of \$1.5 million annually for technical assistance, including studies, to decrease the economic vulnerability of towns predominantly dependent on one industry, small towns which could serve as centers for economic diversification of rural areas of underemployment, and rural low-income areas by helping them to develop manufacturing, processing, and other activities calculated to diversify and improve their economies would be authorized.

Rural low-income areas which qualify as areas of substantial and persistent unemployment would be eligible for direct loan benefits described below.

Grants for technical assistance: The administration bill would authorize grants of \$1,500,000 annually for technical assistance, including studies evaluating the needs of, and developing potentialities for, economic growth to areas of substantial, persistent unemployment. These grants would be in addition to the grants to rural areas for technical assistance mentioned above.

S. 3683 would authorize a program of technical assistance to be performed by the Government with authority to contract for outside assistance:

Labor and HEW: The Departments of Labor and HEW would provide similar help in the two proposals directed toward better use of human resources and training of the labor force of the areas.

CRITERIA FOR DESIGNATING AREAS ELIGIBLE FOR LOAN PROGRAM UNDER S. 3683 (85TH CONG.)

INDUSTRIAL REDEVELOPMENT AREAS

Twelve percent of labor force unemployed during 12-month period preceding application; 9 percent during 15 months of preceding 18 months; or 6 percent during 18 months of preceding 24 months.

Also, if the Commissioner determines that causes of unemployment are not temporary in nature in an area and there has been unemployment of 15 percent during the 6 months preceding, he may designate such an area as eligible.

RURAL REDEVELOPMENT AREAS

Those rural areas within the United States where there are the largest number and percentages of low-income families and a condition of substantial and persistent unemployment. Considerations shall include: Number of low-income farm families in various rural areas of the United States, the proportion of such low-income families to the total farm families of such an area, the relationship of income levels of the families in such an area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, and the availability of manpower in each such area for supplemental employment.

UNDER ADMINISTRATION BILL

(1) Rate of unemployment in the area, excluding that due primarily to temporary or seasonal factors, is currently 6 percent and has averaged at least 6 percent for the qualifying time periods specified in (2) below; and

(2) The annual average rate of unemployment in the area has been at least:

(a) Fifty percent above the national average for 4 of the preceding 5 calendar years, or

(b) Seventy-five percent above the national average for 3 of the preceding 4 calendar years, or

(c) One hundred percent above the national average for 2 of the preceding 3 calendar years; and

Area Assistance Act of 1959—Minimum estimates of personnel and other expenditures

	1st year				2d through 5th years (annual rate)			
	Man-years		Total	Cost	Man-years		Total	Cost
	Professional	Clerical			Professional	Clerical		
Administration:								
Executive direction.....	8	7	15	\$130,000	8	7	15	\$130,000
Administrative, legal, accounting.....	10	15	25	130,000	20	30	50	260,000
Loan activities.....	15	10	25	160,000	30	20	50	320,000
Economic development and area analysis.....	25	15	40	260,000	50	30	80	520,000
Field operations.....	15	10	25	215,000	50	30	80	700,000
Subtotal.....	73	57	130	895,000	158	117	275	1,930,000

(3) Nonagricultural employment in the area has declined, or has shown a smaller increase than in the country as a whole, during the preceding 5 calendar years: *Provided*, That no area shall be excluded by the requirement of this subsection if the annual average rate of unemployment in that area for 3 of the last 4 years exceeds 8 percent.

(b) In the case of labor market areas for which appropriate historical labor force data have not been compiled, the Secretary of Labor shall certify as eligible for designation as areas of substantial and persistent unemployment those areas in which the unemployment rate and duration, based on a survey of available labor force data, generally equal or exceed the rate and duration specified above.

TENTATIVE LIST OF MAJOR AREAS THAT COULD QUALIFY FOR FEDERAL ASSISTANCE AS AREAS WITH SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT UNDER VARIOUS LEGISLATIVE PROPOSALS¹

Proposed administration bill 19 major areas

Indiana: Evansville, South Bend, Terre Haute.

Massachusetts: Fall River, Lawrence, Lowell,² New Bedford.

Michigan: Detroit, Muskegon.

New Jersey: Atlantic City.

New York.

North Carolina: Asheville.

Oregon.

Pennsylvania: Altoona, Erie, Johnstown, Scranton, Wilkes-Barre-Hazleton.

Rhode Island: Providence.

Tennessee: Knoxville.

Washington.

West Virginia: Charleston.

Wisconsin.

Douglas-Payne Bill (S. 3683, 85th Cong.) 29 major areas

Indiana: Evansville, Terre Haute.

Massachusetts: Fall River, Lawrence, Lowell, New Bedford.

Michigan: Detroit, Flint,² Grand Rapids, Lansing,² Muskegon.

New Jersey: Atlantic City.

New York: Utica-Rome.²

North Carolina: Asheville, Durham.

Oregon: Portland.²

Pennsylvania: Altoona, Erie, Johnstown, Scranton, Wilkes-Barre-Hazleton.

Rhode Island: Providence.

Tennessee: Knoxville, Chattanooga.

Washington: Spokane,² Tacoma.²

West Virginia: Charleston, Huntington-Ashland.

Wisconsin: Kenosha.

¹ This listing is preliminary and tentative, and is based largely on data for September, 1958, as compiled from bimonthly area labor market reports prepared in connection with the Bureau of Employment Security's program for classification of areas according to relative adequacy of labor supply.

² Borderline.

Area Assistance Act of 1959—Minimum estimates of personnel and other expenditures—Con.

	1st year				2d through 5th years (annual rate)			
	Man-years		Total	Cost	Man-years		Total	Cost
	Profes- sional	Cleri- cal			Profes- sional	Cleri- cal		
Expenditures for all purposes other than personal services.....				\$500,000				\$500,000
Total.....				1,395,000				2,430,000
Grants for technical assistance.....				13,000,000				3,000,000
Loans (capital funds). ²								

¹ \$2,000,000 expenditures, \$1,000,000 obligated.

² \$50,000,000 area assistance fund available for duration of program.

Executive direction: Directs the overall program, including formulation of program policies; direction of all program and administrative activities of the administration, insuring Federal program coordination through the Area Assistance Advisory Board, and the like.

Administrative, legal, and accounting: Managerial functions, including organizational planning and methods and procedures analyses; administrative servicing; legal services, including a general counsel and staff; and budgetary control and accounting service, including a comptroller and staff.

Loan activities: Process loan applications, make necessary investigations, and carry out accounting and other details involved in the loan program.

Economic development and area analysis: Develop area aids and studies for field staff; studies of industrial location advantages of labor surplus areas, successful community experiences in industrial financing, new technology available from Government research of use to labor surplus area firms, and Federal programs useful in local development.

Field operations: Counsel community and area development groups on such matters as industrial surveys, industrial districts, methods of financing industrial growth, growth industries, how to establish small industries, and similar matters.

All nonpersonal services expenditures: Estimate covers all costs of operation except compensation as such, including lease or rental of office space if required, purchase of furniture and other office equipment and office machines, payment of utility bills, travel and transportation of persons and things, procurement of program equipment of all kinds, printing of publications, etc.

SURVEY TO ASSIST IN PROMOTING PRODUCTION OF CONCENTRATED IRON ORE AND STEEL

Mr. LANGER. Mr. President, on behalf of myself and Senators Young, of North Dakota, HUMPHREY, McCARTHY, MANSFIELD, MURRAY, MUNDT, and CASE of South Dakota, I introduce for appropriate reference, a bill to direct the Director of the Office of Defense Mobilization to conduct a particular survey in order to assist in promoting the production of concentrated iron ore and steel and for other purposes.

My colleague from North Dakota [Mr. Young] and I agree that all interested officials in the State of North Dakota on the State level, as well as the Congressional delegation in Washington, have been very much interested in finding ways and means of bringing industry into the State of North Dakota. This new proposed plan, which will utilize the vast lignite fields of North Dakota,

is a major step in bringing industry to the State of North Dakota and greatly strengthen the economy of the entire State, as well as the States of Montana, South Dakota, Minnesota, Wisconsin, and Michigan.

The vast low-grade iron deposits of the Mesabi Range in northern Minnesota, Montana, Wisconsin, and northern Michigan, and the billions upon billions of tons of lignite in the North Dakota, Montana, and South Dakota fields available for surface mining are certain to become of major importance to the future economy of the entire United States and at the same time meet the pressing needs of iron and steel for defense and security purposes and the huge Federal highway program, and other domestic purposes.

The search for an adequate source of suitable carbon for manufacture of dynamite explosive which was proposed for use for blasting taconite rock on the iron range led to the conviction that production of char as fuel for the Minnesota, Wisconsin, northern Michigan, and Montana iron mining industries would be feasible only if it was a part of a larger industrial picture. The reduction of aluminum in North Dakota using lignite as a power source had heretofore been competitively unpracticable because of higher transportation costs.

However, this factor will be overcome when industries are located in North Dakota and South Dakota and in the iron range sections of Minnesota, Wisconsin, northern Michigan, and Montana which will provide full loads for hopper railroad cars on both east and west hauls. It is proposed that bauxite be brought from the Caribbean, up the Atlantic Ocean through the St. Lawrence Seaway to the head of the Great Lakes; thence shipped by rail to North Dakota for reduction to aluminum at the fields of low-cost lignite coal.

The back haul could be both lignite char and/or aluminum pigs. The char would be utilized in producing explosives on the iron range, and for the general fuel for the iron-mining industries.

Joint utilization of railroad cars through employment of the same rolling stock (hopper ore cars) for the movement of the combination of fuels and iron and aluminum ores visualizes a complete round trip between North Dakota and Minnesota iron mines of loaded hopper cars of approximately 1,000 miles and points in the States of Montana,

South Dakota, Wisconsin, and northern Michigan.

After unloading the bauxite, the ships then would be reloaded with iron ore for shipment to steel industries at Lake Erie ports, and then reloaded with cargoes of products produced from the Great Lakes area which constitutes 42 percent of manufacturing industry of the United States of America for discharge at south Atlantic U.S. ports and Caribbean ports. After discharge of such cargoes the ships would be in the vicinity of bauxite source in the Caribbean for reloading bauxite for the Great Lakes area.

The fact that there will always be full capacity cargo loads for returning aluminum ore ships to the Caribbean provides payloads in both directions and such cargoes will be immediately available for reloading when such ore ships are available for receiving same, means low rate shipping costs for each of the cargoes.

By establishing standard hopper car trains suitable for transportation of the three commodities, the Mesabi iron ore to the head of the Great Lakes, the transportation of bauxite ores to western North Dakota and South Dakota and transportation of lignite from North Dakota and South Dakota to the Mesabi Range to Montana, and other iron ore fields in Wisconsin and northern Michigan makes possible a vast saving in the rail transportation costs of each of the three commodities.

It is further noted that the Mesabi Range iron ore deposits of low grade will be available for production in our domestic steel industries, and that means that this Nation will have available domestic iron ores in unlimited volumes for 200 years ahead for the security of United States as well as for domestic use.

Also, the production of various chemical products and char fuel from lignite coals, when established in combination with aluminum production, iron and steel industry on the Mesabi Range, will be limited only by the market at the Mesabi for lignite char.

Lignite char has about the same BTU content as bituminous coal, and it is very conceivable that char for fuel at the Mesabi Range can be made available for less cost for the production of kilowatts and heat on the Mesabi than can be realized by the use of bituminous coal.

This bill has been drafted directing the Director of the Office of Defense Mobilization to conduct a survey of national significance in the defense and economy of our country, to determine ways and means of affirming and encouraging the production of concentrated ore for steel and its related products from the sources of ore and lignite fuel from the States of North Dakota, Minnesota, South Dakota, Wisconsin, and other areas contiguous to the Great Lakes. Also, to find ways and means of making Great Lakes and St. Lawrence Seaway open the entire year.

Mr. President, I ask unanimous consent that the text of the bill be printed in full in the Record at this point.

The PRESIDING OFFICER. The bill will be received and appropriately re-

ferred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 1067) to direct the Director of the Office of Defense Mobilization to conduct a particular survey in order to assist in promoting the production of concentrated iron ore and steel, and for other purposes, introduced by Mr. LANGER (for himself and other Senators), was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

Whereas the production of steels and related products are and will be of vital need to the defense and the economy of our country; and

Whereas there is an abundance of iron ore in the Mesabi Range in Minnesota, Wisconsin, Michigan, and Montana; and

Whereas there are extensive deposits of lignite fuels in the States of North Dakota, South Dakota, and Montana which are essential for the future recovery and concentration of low-grade iron ores and further direct production of iron and steel in the States of Minnesota, Wisconsin, Michigan, and Montana and for other purposes relating to the defense and economy of the country; and

Whereas the transportation facilities afforded by the Saint Lawrence Seaway and the Great Lakes, especially if available during the entire year, and the contiguous railways of the area, will promote a tremendous expansion of the facilities for industries aiding the economy and the national defense of this country; and

Whereas coordination of production and transportation facilities must be generated by effective surveys and studies tending to bring groupings of various industries in the coordination of their common problems: Now, therefore,

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Director of the Office of Defense Mobilization is hereby authorized and directed to conduct a survey of national significance in the defense and economy of our country to determine ways and means of affirmatively encouraging the production of concentrated iron ore for steel and its related products from the sources of ore and fuel contiguous to the Great Lakes areas, including means of making the Great Lakes and the Saint Lawrence Seaway available for transportation during the entire year. The Director of the Office of Defense Mobilization is directed to report the result of such survey to the Congress and to make such report public within ninety days after the date of enactment of this Act.

RECODIFICATION OF CHAPTER 19 OF TITLE 5 OF UNITED STATES CODE ENTITLED "ADMINISTRATIVE PROCEDURE"

Mr. ERVIN. Mr. President, on behalf of the senior Senator from Maryland [Mr. BUTLER] and myself, I introduce, for appropriate reference, a bill to be known as the "Code of Federal Administrative Procedure." This is the same bill that Senator BUTLER and I introduced in the 85th Congress, second session as S. 4094.

This bill would at its effective date, 180 days after its enactment, supersede the Administrative Procedure Act of 1946. The 1946 act, in the drafting of which the American Bar Association played a major part, was recognized at the time as being, not the final solution of the manifold problems of procedure

in administrative legislation and adjudication, and of judicial review of administrative action, but a major step toward solution, which would require reappraisal as its merits and shortcomings became known through experience.

This is one of a number of related bills prepared by the American Bar Association after long and detailed study following the report in 1955 of the Commission on Organization of the Executive Branch of the Government, the Second Hoover Commission, and its Task Force on Legal Services and Procedure. The present bill is particularly closely related to the Federal Administrative Practice Act, S. 932, 85th Congress, first session, introduced by the distinguished senior Senator from Missouri for himself and for the distinguished senior Senator from Wisconsin, which would among other things set up an independent Office of Federal Administrative Practice and provide new improved measures for the recruitment, appointment and administration of Hearing Commissioners.

It is, I think, universally recognized that the Administrative Procedure Act of 1946 has accomplished much, and all for the good. But it is equally clear that there is much still to be done before there can be that degree of public confidence in the fairness and responsibility of administrative action on which effective government in the end depends.

The present bill represents the considered and expert judgment of the American Bar Association, in the light of more than a decade of experience under the 1946 act, as to desirable changes in the text of that act. Since its provisions are so numerous and wide in coverage, I cannot commit myself in advance to support them all in detail. I am, though, convinced that the bill's purpose is vital. The widespread conferring of legislative and judicial functions on administrative agencies, justified though it be, calls for the most careful attention to the procedures by which the administrator is to exercise those functions, by which the parties affected are to be given fair opportunity to know and to make their views known, and by which the courts are to be enabled to exercise that ultimate control on which our system of government is based.

I can think of no more important matter for the earnest consideration of the Congress than the subject-matter of this bill.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 1070) to recodify, with certain amendments thereto, chapter 19 of title 5 of the United States Code, entitled "Administrative Procedure," introduced by Mr. ERVIN (for himself and Mr. BUTLER), was received, read twice by its title, and referred to the Committee on the Judiciary.

COVERAGE OF PHYSICIANS UNDER TITLE II OF SOCIAL SECURITY ACT—ADDITIONAL COSPONSOR OF BILL

Mr. DODD. Mr. President, I ask unanimous consent that the name of the distinguished junior Senator from Ore-

gon [Mr. NEUBERGER] may be added as a cosponsor of the bill (S. 1025) to provide for the coverage of physicians by the insurance system established by title II of the Social Security Act, introduced by me on February 12, 1959.

The PRESIDING OFFICER. Without objection, it is so ordered.

PAYMENTS TO LOCAL GOVERNMENTS IN LIEU OF TAXES—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of February 3, 1959, the names of Senators CANNON, MOSS, BARTLETT, KEATING, HRUSKA, CARLSON, CLARK, CURTIS, ENGLE, BENNETT, MANSFIELD, BIBLE, ALLOTT, MCCARTHY, RANDOLPH, ANDERSON, MURRAY, JORDAN, HART, McNAMARA, YOUNG of North Dakota, and SALTONSTALL were added as additional cosponsors of the bill (S. 910) to authorize the payment to local governments of sums in lieu of taxes and special assessments with respect to certain Federal real property, and for other purposes, introduced by Mr. HUMPHREY (for himself and other Senators) on February 3, 1959.

DISCLOSURE OF CONFIDENTIAL COMMUNICATIONS BY CLERGYMEN AND NEWS REPORTERS—ADDITIONAL COSPONSOR OF BILL

Under authority of the order of the Senate of February 6, 1959, the name of Mr. HUMPHREY was added as an additional cosponsor of the bill (S. 965) to provide that clergymen and news reporters shall not be required to disclose confidential communications in Federal courts or before committees of Congress, and for other purposes, introduced by Mr. KEATING on February 6, 1959.

VOLUNTARY RETIREMENT PLANS BY INDIVIDUALS—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of February 9, 1959, the names of Mr. GRUENING, Mr. BARTLETT, Mr. COOPER, and Mr. YOUNG of North Dakota were added as additional cosponsors of the bill (S. 1009) to amend the Internal Revenue Code of 1954 so as to encourage the establishment of voluntary retirement plans by individuals, introduced by Mr. SPARKMAN (for himself and other Senators) on February 9, 1959.

NEW METHODS AND RATES OF DEPRECIATION FOR USED PROPERTY—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of February 9, 1959, the names of Mr. GRUENING, Mr. BARTLETT, Mr. COOPER, Mr. SCOTT, and Mr. YOUNG of North Dakota were added as additional cosponsors of the bill (S. 1010) to amend the Internal Revenue Code of 1954 so as to permit the use of the new methods and rates of depreciation for used property, introduced by Mr. SPARKMAN (for himself and other Senators) on February 9, 1959.

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OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
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(For Department
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HIGHLIGHTS: Senate committee ordered reported area redevelopment bill. Sen. Williams, Del., criticized price support payments to large producers. Senate passed Hawaiian statehood bill. Sen. Byrd and others submitted and Sen. Byrd discussed measure providing for one general expenditure authorization bill.

SENATE

1. AREA REDEVELOPMENT. The Banking and Currency Committee ordered reported, by a vote of 9 to 6, with amendments S. 722, to establish an effective program to alleviate conditions of unemployment and underemployment in certain economically depressed areas. p. D152
2. STATEHOOD. Passed, 76 to 15, with amendments S. 50, to provide statehood for Hawaii. Agreed to the committee amendments. Agreed to amendments by Sen. Jackson "intended to correct grammatical and typographical errors" in the bill as reported. pp. 3411-16, 3426-75
3. MILITARY SERVICE. Passed, 90 to 1, as reported H. R. 2260, to extend until July 1, 1963, the induction provisions of the Universal Military Training and Service Act. pp. 3402-11

4. PRICE SUPPORTS. Sen. Williams, Del., criticized price support payments to large producers, rejected the argument of "those who have tried to claim that the Government does not lose money but in effect makes money on the price-support loans because they are always paid off," and stated that "Congress should long ago have repealed the high, rigid price-supports program, and should have adopted a more flexible program, as has been advocated by the Secretary of Agriculture." pp. 3422-3
 5. FOREIGN AID. Sen. Kennedy inserted an address by Rep. Bowles, "A Fresh Look at Foreign Aid," in which he urged greater use of surplus foods in our foreign aid program. pp. 3477-82
 6. UNEMPLOYMENT. Sens. Humphrey, Langer, Randolph, and Hart discussed the unemployment situation, and urged the enactment of area redevelopment legislation to help alleviate this situation. pp. 3419-22
 7. PUBLIC DEBT. Sen. Humphrey expressed concern over "the huge amount of money to be spent in interest payments on the public debt," and inserted an editorial, "Why the Treasury is in Trouble." p. 3419
 8. INFLATION. Sen. Wiley expressed his concern over inflation, and inserted a list showing the estimated cost of certain bills being considered in Congress. p. 3402
 9. FORESTRY. Received a Utah Legislature resolution opposing the enactment of proposed Wilderness Preservation legislation. p. 3395
 10. WATER UTILIZATION; ELECTRIFICATION. Received a Mont. Legislature resolution urging the enactment of legislation to authorize and provide funds to start construction on the Yellowtail Dam, Mont. p. 3395
 11. CONTRACTS; RESEARCH. Received from GSA a report on contracts negotiated for experimental, developmental, or research work, or for the manufacture, or furnishing of property for experimentation, development, research, or test during the last 6 months of 1958. p. 3392
 12. GRANTS-IN-AID. Received a Mont. Legislature resolution urging that 15 percent of all Federal income taxes paid by the public of Mont. be retained in the State, and that a reduction of 15 percent be made in Federal grants-in-aid connected with State legislative appropriations. p. 3393
 13. NOMINATIONS. Confirmed the nomination of Elmer F. Bennett to be Under Secretary of the Interior. pp. 3390
The Banking and Currency Committee reported the nomination of Karl Brandt to be a member of the Council of Economic Advisers. p. 3390
- HOUSE
14. AREA REDEVELOPMENT. Rep. Dulski urged support of area redevelopment legislation to alleviate unemployment. p. 3486
 15. HAWAIIAN STATEHOOD. Adopted, 337 to 69, a resolution for debate on H. R. 4221, the Hawaiian Statehood bill, and began debate on the bill. pp. 3487-3503
 16. ELECTRIFICATION. Rep. Jensen inserted his statement before the Public Works Committee contending that the TVA private-financing bond proposal is "an attempt to bypass the Appropriations Committee and to eliminate the control of elected

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OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: Senate committee reported bill to authorize rental of cotton acreage allotments. Senate committee reported area redevelopment bill. Rep. Roosevelt urged approval of legislation to expand special milk program. House committee ordered reported bill to give REA independent status. Rep. Reuss introduced and discussed bill to transfer Public Law 480 functions to State Dept. Sen. Fulbright introduced and discussed administration's mutual security bill.

HOUSE

1. ELECTRIFICATION. The Government Operations Committee ordered reported with amendment H. R. 1321, to amend Reorganization Plan No. 2 of 1953 regarding REA. p. D180
2. SCHOOL MILK. Rep. Roosevelt urged the House to approve additional funds for the special milk program. p. 4062
3. PRICES; INFLATION. Rep. Patman criticized the Federal Reserve System for instituting a tight money policy during a period of "administered prices," stating that tight money decreases classical inflation but is "not effective in checking price increases of this kind," and inserted several articles on the subject. p. 4077-9

4. FORESTS. The Interior and Insular Affairs Committee ordered reported with amendment H. R. 2497, to add certain lands located in Idaho to the Boise and Payette National Forests. p. D180
5. MILITARY CONSTRUCTION. The Armed Services Committee reported with amendment, H. R. 5674, to authorize certain construction at military installations including authorization to use foreign currencies under Public Law 480 for foreign military housing (H. Rept. 223). p. 4080
6. POSTAL RATES. The Postal Operations Subcommittee of the Post Office and Civil Service Committee ordered reported to the full committee with amendment H. R. 4595, to clarify and make uniform certain provisions of law relating to special postage rates for educational, cultural, and library materials. p. D181
7. WATER. Received from the Colorado Legislature a memorial urging the preservation and safeguarding of established state and individual rights regarding the use of water within the separate States. p. 4082

SENATE

8. COTTON ALLOTMENTS. The Agriculture and Forestry Committee reported an original bill, S. 1455, to authorize the rental of cotton acreage allotments (S. Rept. 115). p. 3943
9. AREA REDEVELOPMENT. The Banking and Currency Committee reported with amendments S. 722, to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in economically depressed areas (S. Rept. 110). p. 3943
10. MONOPOLIES. Passed as reported S. 726, to amend the Clayton Act so as to provide for more expeditious enforcement of cease and desist orders. pp. 4004-06
11. EXPENDITURES. Sen. Langer inserted a bulletin, "The Growth of Social Welfare Expenditures Under Federal Programs." pp. 3996-8
12. ECONOMIC CONDITIONS. Sen. Gore and others discussed "the serious economic problems with which our country is faced," including comments on interest rates on REA loans and the farm income situation. pp. 3980-91
13. FOREIGN AID. Sen. Mansfield stated that Congress should "take a very careful look" at the President's proposed mutual security program. pp. 4025-6
14. SOIL BANK. Received from this Department a report on the 1958 soil bank conservation reserve program. p. 3935
Received a local Farmers Union resolution urging that the actual production per acre over the last 10 years be used as a basis for county records to determine allotments and conservation reserve payments. p. 3942
15. FARM LOANS. Received from the Farm Credit Administration two proposed bills to: "Amend the Federal Farm Loan Act to transfer responsibility for making appraisals from the Farm Credit Administration to the Federal land banks" and "clarify the status of the Federal land banks, the Federal intermediate credit banks, and the banks for cooperatives and their officers and employees with respect to certain laws applicable generally to the United States and its officers and employees"; to Agriculture and Forestry Committee. p. 3935

AREA REDEVELOPMENT ACT

R E P O R T
OF THE
COMMITTEE ON
BANKING AND CURRENCY
TOGETHER WITH
MINORITY AND INDIVIDUAL VIEWS
TO ACCOMPANY
S. 722



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AREA REDEVELOPMENT ACT

MARCH 18, 1959.—Ordered to be printed

Mr. DOUGLAS, from the Committee on Banking and Currency,
submitted the following

REPORT

[To accompany S. 722]

The Committee on Banking and Currency, to whom was referred the bill (S. 722) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

INTRODUCTION

Many communities in the United States suffer from substantial and persistent unemployment and underemployment, a condition which has existed for a number of years. They have been especially hard hit during periods of business recession and, even during periods of national economic recovery, they have often remained in a depressed condition. This economically unhealthy situation causes hardship to many families and impairs the national welfare by wasting vital human resources. S. 722 would provide a sound program whereby the Federal Government would help these distressed areas to help themselves.

There are many factors which cause areas to fall prey to economic distress. Shifts in demand for products, shifts in plant locations, exhaustion of certain natural resources, and lack of basic facilities such as the water supply, are among the prime forces at work against these communities. Coal-mining regions and former centers of textile manufacturing are the most obvious victims, but not the only victims.

S. 722 is designed to help those depressed areas which have sound economic potential, to strive more effectively for recovery—to transform themselves into productive communities enjoying a standard of living comparable to that of the country as a whole. The communi-

ties, industries, enterprises, and individuals in these areas should thus be able to achieve lasting improvements and increase the domestic prosperity of the areas by the creation of new employment opportunities.

Leaving the economically distressed areas without help is wasteful of many of our basic resources. Continued over a long period, depressed conditions mean the gradual disintegration of the community and all its physical resources built up over the years—schools, stores, hospitals, banks, office buildings, homes, churches, and all of the community services which were acquired at great expense and which are now wasting away. All too often, when the people of the area move away in search of jobs elsewhere, duplicate facilities must be built. And these duplicate facilities may have to be built with the help of Federal subsidies.

Moreover, the successful carrying out of the purposes of S. 722 would serve to reduce public outlays for unemployment compensation, relief, and various other forms of public assistance—payments for which no current production is received in return.

The needs of the low-income rural areas are no less urgent than those of the industrial areas with surplus manpower. Available data indicate that some rural areas have not shared during recent decades in the growth of the country as a whole. In many rural counties in the United States, the average per capita income is as little as one-fourth that of the average person in the United States.

The Employment Act of 1946 declares that the Federal Government should help assure maximum employment. The persistence of unemployment and underemployment in many areas should be combated by the Federal Government, not only because it causes great human suffering, but also because such conditions are a threat to the general welfare of the Nation. S. 722 recognizes this responsibility and provides for a program which will help the people in such areas to expand the base of their economic activities so as to alleviate and lessen this long-term problem.

The need for this legislation has been recognized both by Congress and the executive branch of the Government for several years. As far back as the 84th Congress, the Joint Economic Committee called for Federal action. In 1956, that committee reiterated its conclusion that a Federal depressed areas program was needed, and a comprehensive program was embodied in a bill, S. 2663, 84th Congress, introduced by the then chairman of the committee, Senator Paul H. Douglas. In addition, President Eisenhower has given support to an area redevelopment program in his economic reports to the 84th, 85th, and 86th Congresses.

Such legislation passed in the Senate in 1956 and again in 1958. In 1958 the House also passed the legislation and it was sent to the President who refused to approve the measure, killing it by a pocket veto.

The need is even more apparent today than in 1956 and 1958. Reports from the Department of Labor for January 1959 have indicated that 76 major labor market areas, spread throughout 25 States and Territories, had conditions of substantial labor surplus in their

labor force, and 183 smaller labor market areas throughout 35 States also fell into this category. The Department of Labor figures do not take into account those areas which have a labor force of less than 15,000. Conditions of low income and underemployment also persist in many rural areas of the Nation.

Funds which would be loaned or granted under the provisions of S. 722 would represent an investment in increasing productivity. Dollars spent to promote production by otherwise idle or inefficiently employed resources do not have the same inflationary effects as those which are spent under conditions of relatively full employment. Indeed, by making possible an increase in productivity in the Nation's distressed areas, the loans by the Federal Government contemplated under S. 722 might actually have anti-inflationary effects.

To provide the conditions under which distressed areas can contribute to increasing the national output rather than being a drain upon production from other more fortunately situated parts of the country, therefore, would represent an important contribution toward enhancing the Nation's economic growth without undue inflationary pressures.

WHAT THE BILL WOULD DO

S. 722 proposes the establishment of an Area Redevelopment Administration headed by an Administrator appointed by the President with the advice and consent of the Senate. To assist the Administrator, a Cabinet-level advisory board would be created and a 25-man National Public Advisory Committee consisting of members from all walks of life would also be established. In addition, there would be ad hoc industry conferences for specific industries.

To be eligible for assistance, it would be necessary for areas to qualify under certain criteria and be designated by the administration as a "redevelopment area." Two types of areas, industrial and rural, would be involved.

In the case of industrial areas, the Administrator would have the discretionary authority to designate any area with substantial and persistent unemployment over an extended period of time. When an area meets the specific criteria set forth in the bill, it would automatically become eligible for assistance. These specific criteria would be met in the case of any area where the nontemporary unemployment meets the following conditions:

(a) the unemployment rate is currently 6 percent of the total labor force, and

(b) the rate has averaged at least 6 percent:

(1) for 3 out of preceding 4 years and in addition has been 50 percent or more above the national average, *or*

(2) for 2 out of the preceding 3 years and in addition has been 75 percent or more above the national average, *or*

(3) for 1 out of the preceding 2 years and in addition has been 100 percent or more above the national average.

Table 1 shows the average annual rate of unemployment since 1953 for the United States as a whole. These figures would be used as a base for computing eligibility of industrial areas.

TABLE 1.—*Unemployment in the United States—Annual average percentage rates since 1953*

Year:	
1953	2.9
1954	5.6
1955	4.4
1956	4.2
1957	4.3
1958	6.8
Current rate, seasonally adjusted	6.1

Source: Department of Labor.

The bill would also permit the Administrator to qualify rural areas for assistance in the case of those rural areas which have the largest numbers and percentages of low-income families, persons receiving public assistance, and where substantial and persistent unemployment or underemployment prevails.

Three revolving loan funds of \$100 million each would be created. These would be devoted to loans for (1) industrial areas, (2) rural areas, and (3) public facilities in both industrial and rural areas where such facilities would encourage economic development.

In addition to the three revolving loan funds, the bill provides authorization for appropriations up to \$75 million for grants for public facilities in those areas which cannot repay loans.

Loans for private projects in industrial and rural areas may be used for the purchase or development of land and facilities, including machinery and equipment, for industrial usage, and for construction and improvement of plants. Maximum Federal participation would be 65 percent of the total cost of such projects. State or local participation must be at least 10 percent of the total cost of the project. Private participation must be at least 5 percent. The loans may be made for periods of up to 30 years with extensions to 40 years in circumstances.

The interest rate chargeable would not exceed the current average yield on outstanding marketable obligations of the United States of comparable maturities plus one-half of 1 percent. Half of this added change would be allocated to a sinking fund to be used to offset losses. Currently, this formula would fix interest rates on such loans at 4½ percent if the loans were from 2 to 18½ years, and at 4½ percent in the case of loans over 18½ years.

Applications for loans for private projects would have to be approved by an agency of the State or its political subdivision which is concerned with economic development. If no such agency exists, a local committee could approve the application. In addition, there would have to be a finding by the State or its agency of consistency with an overall area development program which had been approved by the Administrator.

The terms of the loans for public facilities would be similar to those applicable to private loans. Maximum Federal participation would be 65 percent, minimum State and local participation would be 10 percent, and the maximum period of the loan would be 40 years. The interest rate would be the same as that for private loans, except that the added percentage would be one-fourth of 1 percent instead of one-half of 1 percent.

The three \$100 million loan funds would be obtained by borrowing from the Treasury. Amounts used for grants for public facilities

would come from appropriations. Information available to the Government would be supplied to the designated areas and to Government procurement divisions.

An authorization for appropriation of \$4,500,000 a year would permit the Administrator to make technical assistance grants to designated areas.

Upon the request of the Administrator, the Housing and Home Finance Agency would give financial assistance to municipalities in industrial redevelopment areas without regard to the residential requirements in current urban renewal legislation. In addition, urban planning grants would be made available to designated areas having a population of 25,000 or more.

The bill would provide for Federal assistance for vocational training in designated areas which would be furnished through State vocational education agencies where it can provide the facilities and services needed. If this is not possible, such training could be furnished through public or private institutions.

There would also be a fund of \$10 million for the purpose of making subsistence payments to unemployed persons being retrained and not entitled to unemployment compensation.

AREAS WHICH MAY BE AFFECTED BY S. 722

In discussing areas which would now qualify for assistance under S. 722, or those which may qualify, it should be emphasized that becoming eligible for assistance does not automatically assure that such help will immediately be forthcoming in all cases. Throughout the testimony, stress was laid on the economic soundness of the program envisaged by S. 722. Witnesses from area after area insisted that they sought no "handouts" or "doles," and the committee desires to make it completely clear that the help it recommends is in the form of long-term investments; not temporary relief.

Were an area to be designated as an industrial or rural redevelopment area, the citizens of the community could seek technical advice and assistance to work out a redevelopment plan. To qualify for loans, the plan would necessarily be economically sound.

In exercising his discretion to allocate loans, grants and assistance to redevelopment areas, the committee expects the Administrator to take into account both the needs of the area and the economic soundness of its redevelopment plan. Need, alone, should be a sufficient basis for allocating technical assistance but not loans. However, given relatively equal economic soundness of loans as between areas, the committee would expect the area of greatest need to receive help first. An area for the purposes of this bill, is intended to mean a market area, and as a labor market area.

Industrial areas

The areas most likely to be affected by the passage of S. 722 would be among those listed as "areas of substantial labor surplus" by the Department of Labor. These are designated on the basis of data prepared by the Bureau of Employment Security in that Department. The data are limited to 149 major labor markets and selected smaller areas.

Reports for major centers are prepared by the Bureau at bimonthly intervals, while those for smaller areas are prepared twice a year.

Current unemployment estimates are not available for areas with a labor force of less than 15,000. Of course, upon enactment of S. 722, it would be necessary for the Bureau of Employment Security to develop more comprehensive data which would aid in determining eligibility of communities requesting help.

Table 2 sets forth the "areas of substantial labor surplus" as of January 1959 as designated by the Department of Labor. Generally, the Department will classify an area as having an undue amount of unemployment if, after making allowances for seasonal fluctuations, those seeking work account for at least 6 percent of the labor force.

Table 2 shows that there were 76 major areas located in 25 States which were included in the substantial labor surplus category. The degree and persistence of unemployment in these areas is shown in chart 1, which appears at the end of the report. Smaller areas of substantial unemployment also shown in table 2, numbered 183. Thirty-five States had one or more cities in this situation. All these areas would not currently qualify for help under S. 722, but they are potential recipients of such aid. Those areas which may qualify immediately are shown in table 3.

TABLE 2.—*Areas of substantial labor surplus, January 1959*

MAJOR AREAS

Alabama: Birmingham, Mobile.
 Connecticut: Bridgeport, New Britain, New Haven, Waterbury.
 Illinois: Chicago, Joliet.
 Indiana: Evansville, Fort Wayne, South Bend, Terre Haute.
 Kentucky: Louisville.
 Maine: Portland.
 Maryland: Baltimore.
 Massachusetts: Brockton, Fall River, Lawrence, Lowell, New Bedford, Springfield-Holyoke, Worcester.
 Michigan: Battle Creek, Detroit, Flint, Grand Rapids, Lansing, Muskegon, Saginaw.
 Minnesota: Duluth-Superior.
 Missouri: Kansas City, St. Louis.
 New Jersey: Atlantic City, Newark, Paterson, Perth Amboy, Trenton.
 New York: Albany-Schenectady-Troy, Binghamton, Buffalo, New York, Syracuse, Utica-Rome.
 North Carolina: Asheville, Durham.
 Ohio: Canton, Lorain-Elyria, Toledo, Youngstown.
 Oregon: Portland.
 Pennsylvania: Allentown-Bethlehem-Easton, Altoona, Erie, Johnstown, Philadelphia, Pittsburgh, Reading, Scranton, Wilkes-Barre-Hazleton, York.
 Puerto Rico: Mayaguez, Ponce, San Juan.
 Rhode Island: Providence.
 Tennessee: Chattanooga, Knoxville, Memphis.
 Texas: Beaumont-Port Arthur, Corpus Christi.
 Virginia: Roanoke.
 Washington: Spokane, Tacoma.
 West Virginia: Charleston, Huntington-Ashland, Wheeling-Steubenville.
 Wisconsin: Racine.

SMALLER AREAS ¹

Alabama: Alexander City, Anniston, Florence-Sheffield, Gadsden, Jasper, Talladega.
 Alaska: Anchorage.
 Arkansas: Fort Smith.
 California: Eureka, Ukiah.
 Colorado: Pueblo.

¹ These areas are not part of the regular area labor market reporting and area classification program of the Bureau of Employment Security and its affiliated State employment security agencies.

Connecticut: Ansonia, Bristol, Danbury, Danielson, Meriden, Middletown, Norwich, Thompsonville, Torrington, Willimantic.

Georgia: Toccoa.

Illinois: Canton, Centralia, Decatur, Harrisburg, Herrin-Murphysboro-West Frankfort, Litchfield, Mount Carmel-Olney, Mount Vernon.

Indiana: Anderson, Columbus, Connersville, Michigan City-La Porte, Muncie, New Castle, Richmond, Vincennes.

Iowa: Ottumwa.

Kansas: Coffeyville-Independence-Parsons, Pittsburg.

Kentucky: Corbin, Hazard, Hopkinsville, Madisonville, Middlesboro-Harlan, Morehead-Grayson, Owensboro, Paducah, Paintsville-Prestonsburg, Pikeville-Williamson.

Louisiana: Opelousas.

Maine: Biddeford-Sanford, Lewiston.

Maryland: Cumberland, Frederick, Westminster.

Massachusetts: Fitchburg, Greenfield, Haverhill, Marlboro, Milford, Newburyport, North Adams, Pittsfield, Southbridge-Webster, Taunton, Ware.

Michigan: Adrian, Allegan, Ann Arbor-Ypsilanti, Bay City, Benton Harbor, Escanaba, Holland-Grand Haven, Ionia-Belding-Greenville, Iron Mountain, Jackson, Marquette, Monroe, Owosso, Port Huron, Sturgis.

Mississippi: Greenville.

Missouri: Cape Girardeau, Flat River-De Soto-Festus, Joplin.

Montana: Butte, Great Falls, Kalispell.

New Jersey: Bridgeton, Long Branch, Morristown-Dover, Plainfield-Somerville.

New York: Amsterdam, Auburn, Batavia, Corning-Hornell, Elmira, Glens Falls-Hudson Falls, Gloversville, Jamestown-Dunkirk, Kingston, Newburg-Middletown-Beacon, Olean-Salamanca, Oneida, Watertown, Wellsville.

North Carolina: Fayetteville, Kinston, Mount Airy, Rockingham-Hamlet, Rocky Mount, Rutherfordton-Forest City, Shelby-Kings Mountain, Waynesville.

Ohio: Ashtabula-Conneaut, Athens-Logan-Nelsonville, Batavia-Georgetown-West Union, Cambridge, Defiance, East Liverpool-Salem, Findlay-Tiffin-Fostoria, Kent-Ravenna, Kenton, Marietta, New Philadelphia-Dover, Portsmouth-Chillicothe, Springfield, Zanesville.

Oklahoma: Ardmore, McAlester, Okmulgee-Henryetta.

Oregon: Albany, Coos Bay, Eugene, Pendleton, Roseburg.

Pennsylvania: Berwick-Bloomsburg, Butler, Clearfield-Du Bois, Lewistown, Lock Haven, New Castle, Oil City-Franklin-Titusville, Pottsville, Sayre-Athens-Towanda, Sunbury-Shamokin-Mt. Carmel, Uniontown-Connellsville, Williamsport.

Rhode Island: Newport.

Tennessee: Bristol-Johnson City-Kingsport, La Follette-Jellico-Tazewell.

Texas: Laredo, Texarkana.

Vermont: Burlington, Springfield.

Virginia: Big Stone Gap-Appalachia, Radford-Pulaski, Richlands-Bluefield.

Washington: Aberdeen, Anacortes, Bellingham, Bremerton, Everett, Olympia, Port Angeles.

West Virginia: Beckley, Bluefield, Clarksburg, Fairmont, Logan, Martinsburg, Morgantown, Parkersburg, Point Pleasant-Gallipolis, Ronceverte-White Sulphur Springs, Welch.

Wisconsin: Beloit, Eau Claire-Chippewa, La Crosse, Oshkosh, Watertown.

To qualify for assistance under S. 722, an industrial area must have been subjected to persistent as well as high unemployment. According to the best estimates of the Department of Labor, 112 industrial areas spread over 26 States qualify for the designation of "industrial redevelopment area" under the terms of S. 722.

About 6.3 million workers or roughly a 10th of the total national civilian labor force are located in these areas. However, these same areas account for about 17 percent of total national unemployment. In addition, 12.2 percent of the work force in these 112 areas is unemployed, a rate twice as high as the current national average. A list of the 112 industrial areas which would probably qualify immediately for assistance under S. 722 appears in table 3. The location of the major and smaller areas which would currently qualify under the terms of the bill appears on map 1, at the end of the report.

TABLE 3.—*Areas which may qualify for Federal assistance as areas with substantial and persistent unemployment under S. 722,¹ March 1959*Major areas ² (23 major areas):

Indiana:

Evansville
South Bend
Terre Haute

Massachusetts:

Fall River
Lawrence
Lowell
New Bedford

Michigan:

Detroit
Flint
Grand Rapids
Muskegon

New Jersey: Atlantic City

North Carolina: Asheville

Ohio: Lorain-Elyria ⁴

Pennsylvania:

Altoona
Erie ³
Johnstown
Scranton
Wilkes-Barre-Hazleton

Rhode Island: Providence

Tennessee: Knoxville

West Virginia:

Charleston
Huntington-Ashland ⁴

Smaller areas ⁵ (89 smaller areas):

Alabama:

Florence-Sheffield
Jasper
Talladega ³

Alaska: Anchorage

Connecticut:

Bristol
Danielson
Norwich ³

Illinois:

Centralia
Harrisburg
Herrin-Murphysboro-West
Frankfort
Litchfield
Mount Carmel-Olney ³
Mount Vernon

Indiana:

Michigan City-La Porte
Muncie
New Castle ⁴
Vincennes

Kansas:

Coffeyville-Independence-
Parsons ³
Pittsburg

Kentucky:

Corbin
Hazard
Hopkinsville
Madisonville
Middlesboro-Harlan
Morehead-Grayson

Smaller areas—Continued

Kentucky—Continued

Owensboro
Paducah
Paintsville-Prestonsburg
Pikeville-Williamson

Maine:

Biddeford-Sanford
Lewiston ³

Maryland: Cumberland

Massachusetts:

Milford ³
North Adams
Southbridge-Webster
Taunton ³

Michigan:

Adrian
Bay City
Escanaba
Ionia-Belding-Greenville ⁴
Iron Mountain
Marquette
Monroe
Owosso ⁴
Port Huron

Missouri: Joplin

Montana:

Butte
Kalispell ³

New Jersey:

Bridgeton
Long Branch

New York:

Amsterdam
Auburn ⁴
Gloversville

North Carolina:

Fayetteville
Mount Airy
Rickingham-Hamlet
Shelby-Kings Mountain

Ohio:

Portsmouth-Chillicothe
Springfield ³

Oklahoma: McAlester

Oregon: Coos Bay ³

Pennsylvania

Berwick-Bloomsburg
Clearfield-DuBois
Lewistown
Lock Haven
New Castle ⁴
Pottsville
Sunbury-Shamokin-Mount
Carmel
Uniontown-Connellsville
Williamsport

Tennessee: LaFollette-Jellico-Taze-
well

Texas: Texarkana

Virginia:

Big Stone Gap-Appalachia
Radford-Pulaski

TABLE 3.—*Areas which may qualify for Federal assistance as areas with substantial and persistent unemployment under S. 722,¹ March 1959—Continued*

Smaller areas—Continued	Smaller areas—Continued
Washington:	West Virginia—Continued
Aberdeen	Clarksburg ⁴
Anacortes	Fairmont
Bellingham	Logan
Everett	Morgantown
Olympia	Point Pleasant-Gallipolis
Port Angeles	Ronceverte-White Sulphur
West Virginia:	Springs
Beckley	Welch
Bluefield	

¹ This listing is preliminary and tentative, and is based largely on bimonthly or semiannual data compiled from area labor market reports prepared in connection with the Bureau of Employment Security's program for the classification of areas according to relative adequacy of labor supply. Data used cover a 2 to 5 year period extending through the closing months of 1958; early 1959 data, now becoming available for some areas could result in several changes in the above listing. A more comprehensive review of area data on a monthly—rather than bimonthly or semi annual basis, and in the light of whatever criteria may be included in the bill finally enacted, would be required to determine which areas are eligible for assistance as areas with substantial and persistent unemployment.

² Major areas are areas included in the Bureau of Employment Security's regular area labor market reporting and classification program. This program covers 149 of the country's leading employment centers. Unemployment and labor force data for these areas are generally available on bimonthly basis.

³ Borderline.

⁴ Appears eligible solely on the basis of unemployment 100 percent above national average for one of the preceding 2 years.

⁵ Smaller areas: Areas with a labor force of 15,000 or more which are officially classified as "smaller areas of substantial labor surplus" by the Bureau of Employment Security. Data for such areas are generally available on a semiannual basis. Information for smaller areas which are not classified, or for areas with a labor force of less than 15,000, is not available in Washington on a consistent basis.

Source: U.S. Department of Labor, Bureau of Employment Security, Office of Program Review and Analysis, Washington, D.C., Mar. 13, 1959.

Rural areas

In setting forth the general criteria which the Administrator may use to designate "rural development areas," S. 722 states:

The Administrator shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, and the proportion of the population of each such area which has been receiving public assistance from the State or States in which such area is located or from any municipality therein.

The problem in rural areas is largely one of underemployment rather than total idleness. Underemployment means both employment in jobs which occupy only a part of the workers' available time and employment which permits only partial utilization of their capacities.

Techniques for measurement of underemployment in such areas are obviously necessary. Meanwhile some tentative and preliminary estimates can be obtained as to the counties which might be aided by S. 722. These estimates are based on two criteria: gross income of commercial farms and the levels of living for farm operator families.

The economic classification of farms developed by the Bureau of the Census and the Department of Agriculture separates farms into two major categories—commercial farms and other farms. Separation is made on the basis of the value of farm products sold and the off-farm work and other income of the farm-operator family.

Commercial farms are those operated as farm businesses, with the primary purpose of providing the major source of income and employment for the farm family. Other farms are composed mainly of part-time and residential farms. Operator families on these farms are dependent primarily upon off-farm sources of income.

Commercial farms include all farms with sales of farm products valued at \$1,200 or more and farms with sales of \$250 to \$1,199, provided the farm operator did not work off the farm 100 or more days and provided sales of farm products exceeded the income of the farm family from off-farm sources.

The following procedure was used to select the areas that might be eligible for assistance under aid to low-income rural areas. The Department of Agriculture prepared lists of the 500 counties in the United States with 100 or more commercial farms which ranked, according to the 1954 Census of Agriculture, lowest in terms of level of living for farm-operating families and the 500 counties in the United States with the highest proportion of the commercial farms having gross sales of farm products of less than \$2,500. A total of 336 counties appeared on both lists. It may be assumed that these areas provide the core of the low-income rural areas which would be eligible for assistance under a comprehensive Federal-assistance program aimed to alleviate underemployment.

According to the Census of Agriculture the gross sales of about 1 out of every 3 United States commercial farms was below \$2,500 in 1954. By way of contrast the average percentage of commercial farms with gross income below \$2,500 included in the 500 counties was at least twice the average for the country as a whole and 3 times as high as in the 37 States outside the Southeast.

The average level of living for all counties in the United States in 1945 has been used as a base for the 1954 indexes. In the 9 years between 1945 and 1954 the county index of living rose by 40 percent and consequently stood in 1954 at 140. In no case did the level-of-living index in the 500 counties which ranked lowest in 1954 exceed the average for 1945 and in 32 of the counties it was 50 percent or more below the 1954 average.

The bulk of the neediest counties are located in the Southeast. Five States—Alabama, Arkansas, Georgia, Mississippi, and Tennessee—accounted for half of the 500 counties with the lowest level of income and with the highest percentage of low-income commercial farms. The 336 counties which appeared on both lists were distributed among 16 States, but 7 out of every 10 of these counties were found in the above 5 States. Nevertheless, the problems of low-income rural population were not limited to one region. Some of the low-income counties were in the Middle West and Southwest. The distribution of the counties by State are shown in table 4 and the counties are listed at the end of this report.

TABLE 4.—*Counties with lowest farm income and levels of living, by State, 1954*

State	500 counties with lowest level of income		500 counties with highest percentage of commercial farms having sales of less than \$2,500		336 counties appearing in both lists	
	Number	Percent of total	Number	Percent of total	Number	Percent of total
Total.....	500	100.0	500	100.0	336	100.0
Alabama.....	51	10.2	48	9.6	44	13.1
Arkansas.....	56	11.2	35	7.0	32	9.5
Florida.....	15	3.0	4	.8	4	1.2
Georgia.....	50	10.0	40	8.0	14	4.2
Illinois.....	2	.4	3	.6	2	.6
Kentucky.....	38	7.6	41	8.2	35	10.4
Louisiana.....	23	4.6	21	4.2	16	4.8
Michigan.....			5	1.0		
Minnesota.....			2	.4		
Mississippi.....	71	14.2	64	12.8	59	17.6
Missouri.....	15	3.0	15	3.0	11	3.3
New Mexico.....	4	.8	1	.2		
North Carolina.....	32	6.4	28	5.6	16	4.8
Oklahoma.....	16	3.2	15	3.0	11	3.3
South Carolina.....	20	4.0	28	5.6	11	3.3
Tennessee.....	43	8.6	66	13.2	39	11.6
Texas.....	28	5.6	20	4.0	12	3.6
Virginia.....	19	3.8	23	4.6	13	3.9
West Virginia.....	17	3.4	37	7.4	17	5.1

Source: Bureau of the Census. 1954 Census of Agriculture.

Map 1 combines the criteria of counties with lowest levels of living index for farm-operating families and counties with highest proportion of low-income farms with still another, namely, low-income farming areas with less than \$1,000 average residual income to the operator and family labor on commercial farms.

Areas affecting Indian reservations

The living standards of Indians living on reservations has been distressingly low for many years and their economic opportunities have been extremely limited. The Commissioner of Indian Affairs described the situation in these words:

As you all know, the great majority of these reservation areas are located west of the Mississippi River in regions where rainfall is low, and they include some of the most desperately and chronically poverty-stricken areas in the entire Nation.

For years large numbers of Indian people living on these reservations have been scratching out the barest kind of subsistence on their inadequate reservation lands, working intermittently and infrequently on nearby farms or ranches, and subsisting in large part on welfare payments. Almost traditionally, they have been one of the most acutely depressed and disadvantaged groups in the whole American population.

The Bureau of Indian Affairs is trying to solve this problem in three ways. One solution is to encourage Indians to leave the reservation and seek work elsewhere. An Indian may wish to leave his reservation because he has a good permanent job or career ahead of him.

But if the Indian is merely being driven, by the shocking conditions described by the Commissioner, away from his reservation to equally shocking conditions in the slums in a great city, the redevelopment program has only swept the dust under the rug.

The other two programs which the Bureau of Indian Affairs is using to combat the problem of depression on Indian reservations are two of the measures provided in S. 722; developing appropriate industry near the reservations, which can provide additional income for the Indians, and providing vocational training for Indians who wish to work in these plants.

The Commissioner of Indian Affairs now has insufficient loan funds to develop industry on or near reservations, and inadequate funds for vocational training to help the hundreds of thousands of Indians living on reservations. S. 722 would provide additional funds to carry these programs along in a vigorous and substantial fashion.

BACKGROUND OF THE BILL

The problems which S. 722 is designed to meet are not new. Remedies for them have been considered in one form or another for many years.

The Joint Economic Committee in the 84th Congress called for Federal action to help chronically distressed communities. Later, in its 1955 report, that committee urged that the public works program be speeded up, and that loans and technical assistance be extended to help these distressed communities to improve their economic conditions.

In the same year, the Joint Economic Committee made a careful study of low-income families in the United States and called attention not only to the problems of depressed industrial areas but also to the persistence of low income in various rural areas in the country, particularly in the South. The committee favored a comprehensive Federal program which would combat the basic causes of economic distress both in depressed industrial areas and in regions where low incomes prevailed.

In 1956, the committee reiterated its conclusion that a Federal depressed areas program is desirable, and the majority of the committee endorsed a comprehensive program which was embodied in a bill introduced by Senator Douglas, S. 2663, 84th Congress. That bill was the subject of long hearings by the Committee on Labor and Public Welfare. It was passed by the Senate, but the House did not act upon it before the 84th Congress adjourned.

Both major parties in their respective 1956 platforms called for Federal legislation to aid economically depressed areas.

The Democratic Party platform stated in clear and unequivocal language:

We pledge our party to support legislation providing for an effective program to promote industry and create jobs in depressed industrial and rural areas so that such areas might be restored to economic stability.

The Republicans also pledged to—

Provide assistance to improve the economic conditions of areas faced with persistent and substantial unemployment.

In the 85th Congress, Senator Douglas, along with 39 cosponsors, introduced S. 3683, which was referred to this committee. This bill, with modifications, was passed by Congress last year, but did not become law by reason of a Presidential pocket veto.

Again in the 86th Congress, similar legislation was introduced in the bill S. 722 by Senator Douglas and 38 cosponsors. This bill, as well as S. 268, introduced by Senator Hugh Scott, and S. 1064 introduced by Senator Everett Dirksen, was the subject of committee hearings in both Washington and in the field. The committee here reports S. 722 with amendments.

FEDERAL RESPONSIBILITY

In its declaration of policy, the Employment Act of 1946 states:

The Congress declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production and purchasing power.

The continuing responsibility of the Federal Government to afford useful employment opportunities and to promote maximum employment, production and purchasing power applies alike to general nationwide economic conditions, and to conditions in those unfortunate areas where unemployment and underemployment continue to exist, year after year, whatever may be happening elsewhere.

The Joint Economic Committee in its report on the "President's 1959 Economic Report," stated:

Our programs contributing to the economic progress of underdeveloped regions abroad highlight the inadequacy of public efforts to improve economic conditions in depressed and underdeveloped areas at home. We can no more afford the continuing waste of our own idle or underutilized resources in these areas than we can afford to turn our back on the problem of economic development abroad.

We therefore urge the Congress to enact a substantial program for aid to our depressed areas. * * *

The objective of such a program is to increase economically sound employment opportunities on a permanent basis for the substantial numbers of fully or partially unemployed in these depressed areas, and not to subsidize otherwise uneconomic activities. A program designed to achieve this objective will contribute to the Nation's economic growth. It will represent an investment in increasing productivity. Moreover, it will serve to reduce public outlays for unemployment compensation, relief, and various other forms of

public assistance, for which no current production is received in return. The net cost of the program, therefore, will be significantly outweighed by the increase in productivity and in production toward which it is aimed.

The "Economic Report of the President for 1956" contains the statement that:

The fate of distressed communities is a matter of national as well as local concern.

The President repeated the need to help depressed communities in his "1959 Economic Report":

Despite the forward economic strides of the Nation since the war, some communities have suffered substantial and persistent unemployment, when measured against national experience. Federal assistance to these communities is required not only to mitigate the hardships of individuals and families but also to provide for the use of underutilized resources, to the enhancement of the national welfare.

The Federal Government has made some attempts in the past to aid labor surplus areas. It has developed a number of uncoordinated programs whose objective is to help such areas. These programs include limited technical assistance, preference to firms in depressed areas in securing Government contracts and some measure of protection from foreign competition under the Buy American Act. Depressed areas are also assisted by the food distribution program of the Department of Agriculture and may benefit by the urban renewal program and by loans granted by the Small Business Administration. One program initiated in 1956 is intended to benefit directly low-income rural areas. This is the rural development program conducted by the Department of Agriculture.

Some of the above-listed Federal programs make no special provisions to aid labor surplus areas. This is true in the case of the urban redevelopment, community facilities, food distribution, and small-business programs. The Office of Area Development in the Department of Commerce is charged with assisting economic development in all communities regardless of their level of unemployment, but in practice this agency has concentrated in assisting labor surplus areas. Similarly, the work of the Bureau of Employment Security in the Department of Labor has centered about problems of measuring and alleviating unemployment.

Experience has shown, however, that these uncoordinated programs are totally inadequate to provide for the need of areas suffering from chronic labor surplus, as the Economic Report of the President for 1956 recognized.

Although these programs have proved helpful, experience demonstrates that bolder measures are needed. To this end, a new area assistance program is recommended for aiding communities that have experienced persistent and substantial unemployment.

Only a comprehensive Federal program such as proposed by S. 722 can meet the serious needs of depressed urban and rural areas.

STATE AND LOCAL RESPONSIBILITY

The States in which these depressed areas are situated and the localities themselves have for years been wrestling with the problem.

Many States have established business development credit corporations or development authorities which help these areas, though they are not confined to them. These corporations have been active for some time in the New England States, New York, Pennsylvania, North Carolina, Kansas, and Wisconsin.

The localities themselves, and groups of citizens in them, have expended much time and money in an effort to escape from their difficulties. Evidence presented before this committee showed that in 1958 over 1,800 communities carried on industrial development and expansion programs through formally constituted organizations. In almost every surplus labor area there is at least one development group. Most metropolitan areas and many smaller centers have planning commissions, economic development councils, or industrial development boards. In addition, there are many privately sponsored community industrial development corporations or foundations, usually supported by local chambers of commerce, organized labor, civic groups, independent business establishments and private citizens.

These efforts must continue. The Federal Government alone cannot possibly cure these local conditions. The initiative, enterprise and ingenuity of the leaders of these areas and of the State officials, and the financing available locally and in the States, will always be the most important elements in the development of these areas.

THE COST OF DEPRESSED AREAS

Depressed areas are an expensive burden, one which the United States cannot afford to continue to carry. They absorb vast sums in unemployment compensation and relief payments. These areas produce far less than they could and should; they contribute little to the Nation's output or to the local, State, and Federal tax revenues. Their low purchasing power means they are not good paying customers for the rest of the country.

The cost of the surplus food distribution program alone concentrated in areas of high unemployment and low income amounted to \$1.2 billion during the past 6 years. According to the latest available data in each of seven States—Mississippi, West Virginia, Arkansas, Oklahoma, Kentucky, Pennsylvania, and Michigan—6 or more percent of the population depended upon this program for subsistence. There are some counties of the country, notably in Oklahoma and West Virginia, where over 40 percent of the population receive such aid.

The testimony before the subcommittee in the 85th and current Congresses contains many illustrations of the costs imposed on the country by these areas.

Testimony from Governor Freeman of Minnesota received during the 85th Congress informed the subcommittee that in some depressed areas of Minnesota the annual welfare costs, county, State, and Federal, amounted to one-quarter or more of the total 1955 taxable values in the countries. For example, in Cass County the total welfare costs amounted to \$1.1 million while the 1955 taxable values same

to \$3.7 million. In Beltrami County, the total welfare costs, county, State, and Federal, came to \$1 million, while the 1955 taxable values came to \$5.7 million.

Governor Freeman also reported that in 1956, 25 percent of the total initial unemployment claims for the entire State came from the 20 depressed rural counties of the State, although these same 20 counties had only 14 percent of the covered workers.

Mr. Tudor, the acting director of the division of area services of Southern Illinois University, reported during those same hearings that the per capita cost of public assistance in the 31 southern Illinois counties in 1956 was \$24.96 compared to the per capita cost of public assistance for the whole State of \$16.87.

During testimony this year it was pointed out that the State of Pennsylvania paid out over \$135 million in unemployment compensation benefits last year in the labor surplus areas.

An economic recession has snowballing effects and a declining level of economic activity in one area may spread to other areas if not stopped in time. Unemployment and underemployment in one area not only reduce demand for goods and services from other areas but may also affect the state of confidence in other areas and thereby affect the level of economic activities in different regions. The costs to rehabilitate a depressed area would be more than made up by the decreasing expenditures for unemployment insurance relief and by an increased tax base resulting from improved economic conditions.

A comprehensive program to aid chronically depressed and low-income areas will also mean much to the people—the men and women and children—of these areas. The statistics showing decreases in savings deposits, bank deposits, and increases in unemployment compensation, public assistance, and county aid are distressing to the taxpayers who must pay them, but they mean far more to the men and women who have no jobs or whose skills are being squandered by underemployment or who are reduced to accepting unemployment compensation and public assistance. And to the children of these communities, these figures mean, as the mayor of Walsenburg suggested, a future with little or no hope, with increased juvenile delinquency and waste of the next generation.

These depressed conditions, continued over a long period, mean the gradual disintegration of the community and all its physical resources built up over the years—schools, stores, hospitals, banks, office buildings, public facilities, and homes. As the community deteriorates and declines, these facilities also become underused and eventually idle. All too often when the people of the area move away in search of jobs elsewhere, duplicate facilities must be built. And these duplicate facilities may have to be built with the help of Federal subsidies.

FLEXIBLE AND COMPREHENSIVE REDEVELOPMENT PROGRAM NEEDED

A program to aid depressed areas should be flexible and adaptable to the diverse needs of the many communities, both industrial and rural, that suffer from chronic unemployment or underemployment. S. 722 provides such a program.

A sound national program must make provision both for industrial areas which have been subject to chronic unemployment and for low-

income rural communities whose major economic ailments are due to underemployment. The responsibility of the Federal Government to help improve economic conditions is equally manifest in both cases.

A realistic and comprehensive Federal program must also encompass a variety of activities to fit the diversity of needs of the different communities. Testimony at the hearings on S. 722 has indicated that communities on the downgrade frequently cannot afford to carry out a program of economic reconstruction, no matter how strong their will to do so.

The establishment of a constructive program to help a community is usually only a start toward economic revival. The first essential step in area development is a comprehensive survey of the current and potential resources of the community. When a firm is considering expanding in a new area, one of the crucial things it needs to know is whether it would have adequate opportunities for development and growth. With an inventory of resources a community industrial development committee will be able to discuss the local advantages with the prospective new employer on a specific and factual basis. Similarly, when planning its industrial campaign, careful analysis of the local existing and potential human and physical resources can indicate which kinds of industries the local industrial development committee should try to attract into their community. S. 722, therefore, provides that the Federal Government would offer technical assistance to local development groups.

One of the basic problems of distressed areas is to secure credit sufficient to activate the plans for economic redevelopment. In such communities local capital is normally limited and less venturesome than in places where greater prosperity prevails. Moreover, outside capital is reluctant to enter. Credit on favorable terms is needed in such communities both to develop their public facilities so as to make them more attractive to new industry and to establish new enterprises to create new jobs in the communities. The Federal Government can be most helpful in assisting such communities, with the cooperation of private lending institutions and State and local governments, to raise the funds necessary to expand the economic base.

To attract new industries a community must be in a position to offer the normal services that are expected by new residents in the community. Many of the depressed areas do not have the needed facilities to attract new industry. S. 722, therefore, establishes a revolving fund of \$100 million from which communities would be able to borrow to improve their public facilities. Only in extreme cases, where the resources of the community are inadequate to pay interest on the loan would the Federal Government provide grants. Such grants would be in line with established historical practices of using Federal grants for really indicated important national objective.

Many of the people in surplus labor areas do not have the necessary skills which new industry there might need. A rounded program should therefore provide that the Federal Government, in partnership with State and local agencies, establish the necessary training facilities that new industry would require in the communities undertaking a program of redevelopment. Persons undergoing training must also be provided with a minimum of subsistence. It would be unrealistic to expect that persons who have been unemployed or underemployed for

a long period could afford to devote full time to training for new jobs unless they were furnished some means of livelihood during the training course.

CAUSES OF UNEMPLOYMENT AND UNDEREMPLOYMENT

While a variety of causes may account for the persistence of unemployment in a given area, lack of industrial diversification—the dependence upon one or two industries as a source of income—is in many cases the underlying factor for depressed conditions in labor surplus areas. The dependence upon one industry combined with technological changes, shift of location of plants, and depletion of resources are some of the major factors that have accounted for the labor surplus conditions in selected areas. In addition, some areas have never developed a sufficient economic base.

Technological changes and increased productivity of coal mining without an increase in the demand for the product have accounted for the depressed conditions in the bituminous coal mining areas in Pennsylvania, Kentucky, West Virginia, and Illinois. Similarly, the increased use of gas and oil for heating purposes have reduced the demand for anthracite coal and brought about heavy unemployment to a number of areas in Pennsylvania. Altoona, Pa., has depended upon production and maintenance of steam locomotives and cars for its major source of employment. The change from steam locomotives to diesels has accounted for the depressed conditions in that community. Several factors account for the high level of unemployment in the textile centers of New England: the migration of the textile industry to other areas, the substitution of synthetic fibers—nylon, orlon, dacron and others—for the traditional fibers, and increased productivity have all combined to account for the reduced employment in Lowell, Lawrence, and other centers of textiles in New England.

Some communities suffer from chronic seasonal unemployment and are unable to attract sufficient industrial diversification of industry to dovetail with the seasonal employment. Among such areas are resort centers like Atlantic City, N. J., and Asheville, N. C., and tobacco processing centers like Durham, N. C.

Some areas may develop temporary unemployment situations as a result of short-run cutbacks in consumer demand for certain products. This has happened in Detroit and other automobile production centers, when the auto industry has had a bad season. Such situations usually reflect temporary unemployment problems which soon right themselves as demand picks up. But during the past 3 years unemployment in Detroit dropped below the 6-percent level only in November 1956 and January 1957, and during all of 1958 more than 1 out of every 8 persons in Detroit's labor force were unemployed.

A few areas have moved into the labor surplus category because of shifts in emphasis in the defense program. For example, a number of smaller labor markets heavily dependent on defense procurement developed labor surplus when requirements for ordnance materials were cut back or military installations were discontinued in the areas. This has also been a major factor for labor surplus in Terre Haute, Ind.

As in the case of depressed industrial areas, numerous factors contribute to the development of underemployment in low-income rural

areas. The major causes of underemployment have been pressure of the population upon the natural resources, depletion of resources, uneconomic size of farming units, technological advances, inadequate nonfarm employment opportunities, and inadequate educational and vocational training.

But whatever the causes that account for low-income rural areas, students of the problem generally agree that high incidence of underemployment has concentrated in selected areas and that prevalence of low income and underemployment continues to persist in the same regions.

ADMINISTRATION

S. 722 proposes the establishment of an Area Redevelopment Administration headed by an Administrator, appointed by the President, with the advice and consent of the Senate. An independent agency was selected as the form of administration best suited to fulfill the comprehensive requirements of working with a large number of local communities in overcoming chronic unemployment and underemployment in both urban and rural areas.

Since both industrial and farming areas are treated in the aid program, an administrative office lodged in the Commerce Department could not adequately cope with the needs of the rural counties the bill proposes to aid, any more than could the Agriculture Department extend to urban, industrial communities the kind of assistance they need.

Within urban industrial areas, S. 722 proposes the broad-gage approach to community problems that has developed in stricken areas. Testimony plainly indicated that the community effort toward economic restoration was all inclusive. Faced with a common threat, businessmen, labor, public officials, bankers, schoolteachers—in short, representatives of all segments of local life—banded together in a self-help effort.

The bill has been drafted to take advantage of this local community of interest; and it is intended that the energies of a broadly representative group of local residents be enlisted in rehabilitation efforts. This unified community approach would be hampered by placing the administration of the program in the Commerce Department with its orientation toward business problems, the Labor Department with its special interest in workers' problems, the Department of Agriculture with its particular interest in farm problems or the Housing and Home Finance Agency, with its primary interest in housing. Rather, the need is for a separate agency, operating outside the 11 departments and agencies which are concerned with various facets of the problems of area redevelopment, but drawing on the specialized services available from them. In this way, such diversified activities as granting loans, technical aid, assistance in procurement, vocational retraining, and supplying public facilities can be centrally administered. Since local communities, counties, and States will be concerned with the program, it is better to have one agency to which they can come for authoritative consultation and assistance without the necessity of shuttling back and forth among half a dozen agencies, obtaining a partial answer from each, not quite reaching the definitive answer required to carry forward local activity.

Centralization of the program within a single agency headed by a single individual gives the further advantage of centralized reporting to the President and the Congress on progress toward restoring economic health to areas of underemployment and unemployment. In view of the importance of the program and the need for the exercise of imagination, skill, and leadership, the post of Administrator calls for a man of the highest caliber and prestige. S. 722 proposes a new approach to the problem of economic dry rot that has shown itself in so many parts of the country. Much of the effectiveness of the program envisaged in the bill depends on a vigorous, unified, imaginative utilization of Federal services, some now in existence, some totally new. The program of aid can be brought to bear most quickly and with maximum local impact through a centralized agency supervised by an outstanding Administrator in position to make positive decisions.

Furthermore, an effective redevelopment program must have the active cooperation of the people in the areas involved. This means that the program must succeed in getting the full support of the different interest groups vitally concerned with the program—agriculture, business, and labor, and the public generally. While the Departments of Agriculture, Commerce, and Labor, and the Housing and Home Finance Agency are interested in furthering the common welfare, the history of the formation of each of these organizations demonstrates that they were created largely to advance the specific interest groups which they represent. It would, therefore, be inadvisable to establish the program in any one of these organizations. The area redevelopment program encompasses the total economic development of an area, and it must be administered with this in mind.

DESIGNATION OF AREAS

Section 5 of the bill contains the definitions of redevelopment areas. These definitions were changed by the committee, and a discussion of the revised criteria is contained in the discussion below of the amendments to the bill.

It will suffice here to state that the new definitions are intended to direct the benefits of the bill to those industrial areas which are suffering from unusual and chronic problems. It is not the intention of these definitions to make the benefits of the bill available to areas suffering from nationwide, temporary unemployment caused by a general temporary recession.

DEVELOPMENT OF PROGRAM

After the designation of an area as a redevelopment area, whether industrial or rural, the people of the area, farmers, businessmen, labor, and the public generally, would have to work out a program for the economic development of the area. The resources of the area would have to be considered carefully—farmland, timber, mineral resources, power, transportation, factories and factory sites, skilled or unskilled labor, community facilities and any other factors which might be useful in an economic development program. In the development of this program the local leaders would have the benefit of assistance, technical information and market or other research from the Administrator and from their own State, county or city government.

This overall program for economic development of the area would be submitted to the Administrator for his review and approval. In the course of this review he would himself have the benefit of the advice and assistance of the agencies of the Federal Government, and the Area Redevelopment Advisory Board. The Administrator would look for a sound, realistic, practical program showing real prospects of substantial economic development of the area to a point where the area could stand on its own feet—not requiring assistance from State or Federal sources, but producing many commodities for other areas, and supplying tax revenues to State and Federal treasuries. After the overall program had been approved, it would be up to the area to carry it out. Projects would have to be developed which would fit in with the overall program. These projects would have to be workable and practical. The private contribution and the State's contribution would provide a grassroots assurance of the practicability of each individual project.

If the project did proceed through private, or local or State financing, perhaps with only technical assistance or advice from the Administrator, this would be encouraged. On the other hand, if the project could only be carried out with the help of a loan or other financial assistance from the Administrator, then it would be necessary not only to have local and State financing of 5 and 10 percent or more but the State development agency would have to certify that the project was consistent with the overall program.

LOANS FOR INDUSTRIAL PROJECTS

Section 6 of the bill provides two \$100 million revolving funds, one for industrial projects in industrial redevelopment areas, the other for industrial projects in rural redevelopment areas. These revolving funds for loans were provided because witness after witness testified that in these urban and rural areas where unemployment and underemployment have been substantial and persistent, the communities' own resources are not sufficient to make it possible for industrial development to proceed.

This need for capital is related closely to the general need for small-business credit, which has occupied the attention of the Congress for many years. The Small Business Administration is now providing a limited amount of assistance and when the Small Business Investment Act is fully effective more help will be provided. State business development credit corporations and authorities, and local organizations are seeking to provide equity capital or long-term credit for small businesses. The problems which small business finds in raising capital throughout the country are intensified in areas which have long been suffering from unemployment and underemployment. The local capital frequently has been consumed in previous efforts to start the new businesses, or in relief measures. Outside capital is doubly reluctant to venture into an area where other industries have suffered and failed; a safer investment elsewhere seems preferable.

It is impossible to predict the kind or number of projects or the number of jobs which will be created by these loans. However, the two \$100 million revolving funds will be sufficient to finance a substantial program which will demonstrate its feasibility and effec-

tiveness. The total capital investment in the projects for which loans are made will be substantially greater than the amount of the loans, by at least 50 percent. Accordingly, the loans authorized in section 6 should generate an initial total public and private expenditure of \$300 million or more. This should have a very substantial effect in providing permanent jobs in areas of chronic unemployment or underemployment. And as these loans are repaid, additional funds will become available for new loans.

Section 6 expressly provides that loans made under it for industrial projects must not be granted to assist establishments relocating from one area to another, when such assistance will result in substantial detriment to the area of original location by increasing unemployment. This provision reflects the declaration of purpose of the act, to create new employment opportunities by developing and expanding facilities and resources without substantially reducing employment in other areas of the United States.

If the proposed transfer of a plant from one area to another will create as much unemployment in the area it leaves as it absorbs in the area it moves to, nothing has been gained from the point of view of the overall economy of the United States. The use of Federal funds for a transfer of this sort would not be justified. Expansion of existing firms and the creation and development of new businesses or new branches of firms in business elsewhere, without at the same time substantially reducing existing employment opportunities, is the aim of this Federal assistance. In an expanding economy ample opportunities can be found to develop the depressed areas without injury to other areas of the country.

LOANS FOR PUBLIC FACILITIES

S. 722 provides a revolving fund of \$100 million for loans to States, Indian tribes, or organizations representing redevelopment areas to help in financing the purchase or development of land for public facility usage, and construction or alteration of public facilities, if the project will tend to improve the opportunities in the area for the establishment or expansion of industrial or commercial plants or facilities.

A depressed area may have many of the assets sought by industry—buildings, labor, community facilities and the like; but it may lack one public facility without which all the others are useless, for example, adequate water for industrial use, adequate sewage facilities, or access to a navigable river or a railroad.

A community which has long been suffering from unemployment or underemployment may be unable to raise the funds for the improvement out of its own resources or to borrow it at reasonable interest rates. For an area suffering from excessive unemployment credit is always tight.

GRANTS FOR PUBLIC FACILITIES

S. 722 authorizes appropriations of \$75 million for grants to States or their subdivisions, Indian tribes, or public or private organizations representing redevelopment areas for land acquisition or development for public facilities usage, or construction or alteration of public facilities in the area, if the project will improve the opportunities in

the area for the establishment or expansion of industrial or commercial plants or facilities.

Some redevelopment areas have inadequate economic resources, either because of chronic unemployment or underemployment or a generally low level of economic development, to borrow money to develop public facilities which would make the areas attractive to new industry. For this reason, the bill provides for grants to improve public facilities.

The organization requesting the grant must contribute to the cost of the project in proportion to its ability to contribute. The grant would be limited to the amount necessary to assure completion of the project. The amounts appropriated would be subject to further scrutiny by the Congress at the time appropriations are requested.

INFORMATION AND TECHNICAL ASSISTANCE

The Administrator is directed to provide assistance, technical information, market research and other forms of advice available from the Federal Government which would be useful in alleviating unemployment and underemployment in the areas. In addition, the Administrator is authorized to provide technical assistance to the areas, including studies evaluating the needs of and developing potentials for economic growth for such areas. This may be done either through the Administrator's staff or by employing individuals, firms or institutions. For example, State universities and land-grant colleges might be in a position to make a substantial contribution to the development of areas by this means. Appropriations up to \$4.5 million annually are authorized for this program.

One of the best methods of creating employment in a depressed area is to encourage the expansion of employment by employers already in business in the area. These employers may perhaps not be aware of the possibility of diversification and expansion into new lines. Some are not aware of new markets for their present lines of products. Others may not be aware of possible cost reductions that would improve their ability to expand. In other cases technical assistance might find new uses for natural resources located in depressed areas. This would involve studies of the availability of raw materials and exploration of new uses for them. Useful studies could also be made under this provision of the manpower situation in redevelopment areas and inventory of the labor skills and economic assets of each area, which is now suffering from low incomes and chronic unemployment or underemployment, could make it possible for public and private groups to attract expanding industries in need of these resources to the area.

URBAN RENEWAL

In addition to other types of Federal assistance, S. 722 makes it possible for economically depressed areas to participate more fully in the Federal urban renewal program. Under existing law, this program is available to communities which have undertaken a program to clear and redevelop slums and to rehabilitate blighted areas. Such communities, having complied with the requirements of the urban

renewal program (the most important of which is the presentation of a "workable program" which represents the community's long-range plan for dealing with the total problem of urban development and redevelopment), may obtain loans and grants with which to plan and carry to completion an urban renewal project. Federal loans are used to defray planning and other initial expenses and are repaid from Federal grants made to defray a portion of total urban renewal costs. Federal grants may not exceed two-thirds of the aggregate net project costs.

Basically the urban renewal program is related to the clearance, rehabilitation or redevelopment of residential areas. To insure that urban renewal activity is confined primarily to residential renewal, existing law states (sec. 110(c), Housing Act of 1949, as amended):

Financial assistance shall not be extended under this title with respect to any urban renewal area which is not clearly predominantly residential in character unless such area will be a predominantly residential area under the urban renewal plan therefor.

However, existing law provides two exceptions to the above rule. They are:

(1) An area which is not clearly predominantly residential in character [but which] contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality involved and * * * [which] is not appropriate for predominantly residential uses.

For this type of exception, capital grants may be made up to an amount not to exceed 10 percent of the total amount of capital grants authorized (S. 57, 86th Congress, would increase this figure 20 percent).

(2) Land which is predominantly open and which * * * substantially impairs or arrests the sound growth of the community, or open land necessary for sound community growth * * *.

This type of land may be developed for predominantly nonresidential uses if the community determines that such development for non-residential uses is necessary and appropriate to facilitate the proper growth and development of the community. Federal aid under this exception is limited to loans and advances which shall not exceed 2½ percent of the gross project costs of all other urban renewal projects undertaken by the community.

The effect of section 14 is to add one more exception to the present exceptions described above. Under the new exception, urban renewal assistance may be provided to a municipality otherwise eligible and designated as "an industrial redevelopment area", if there is a reasonable probability that with such assistance the area will be able to achieve more than temporary improvement in its economic development.

Such area need not comply with the "predominantly residential" test and thus areas which are predominantly commercial or industrial

and which will be redeveloped as commercial or industrial areas are eligible.

No assistance may be provided in any area if the Administrator determines that it will assist in relocating business operations from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment. This restriction carries over into this section the policy stated in section 2 of the act, that new employment opportunities should be created by developing and expanding facilities without substantially reducing employment in other areas. Since the Administrator will review the workable program presented by the community in connection with an urban renewal program, he will have an opportunity to see whether such interference with other areas is intended. If a workable program discloses a proposed relocation which would cause increased unemployment in the original location, he would not approve the project. The provision does not require him to do more.

As stated previously, 10 percent of the total amount of capital grants authorized for urban renewal purposes may be used for the development of projects which are classified as exceptions to the predominantly residential requirement. Although a new category of exception is added by section 14, no additional funds are made available by the bill. Projects which may be started under the new exception must be financed out of the funds already available for exceptions to the general rule.

As of February 28, 1959, capital grants funds available for all non-residential urban renewal projects were as follows:

Maximum available (10 percent of total grant money released to Urban Renewal Administration)-----	<i>Million</i> \$135. 0
Applications approved for grant reservation (33 projects)-----	101. 6
Balance available-----	33. 4
Applications pending (4 projects)-----	9. 5
Potentially available-----	23. 9

Assuming that no additional nonresidential projects were approved before passage of the bill, \$23.9 million would be available for all nonresidential urban renewal projects, including the new exception provided by S. 722. Additional funds may be made available for urban renewal capital grants during the present session of Congress. Ten percent of these new funds would become available for non-residential urban renewal projects.

Essentially S. 722 is designed to establish various types of programs which would be effective in alleviating substantial and persistent unemployment in certain economically depressed areas. While admittedly the urban renewal program is not specifically designed to alleviate unemployment, it can nevertheless stimulate activity through the demolition and clearance of slums and eventually through the establishment of active and prosperous business communities. The existence of commercial and industrial slums depress the business life of many communities. Any stimulus which can be provided to reactivate old businesses and attract new businesses, not only provides additional employment, but also increases the tax revenues of a community which, in turn, permits that community to undertake more expansive programs of public improvement.

It has been argued that despite the close association of the urban renewal program with clearance of residential slums and the improvement of housing standards and living conditions, it is important to provide employment and income for the individual in order to permit him personally to improve his living standards. All exceptions to the predominantly residential requirement seek to achieve this objective.

In view of the urgent need in some areas to provide opportunities for business expansion and employment and to reduce unemployment, the committee has agreed to authorize an additional exception to the "predominantly residential" requirement in existing urban renewal statutes. This action, however, does not indicate any disposition on the part of the committee to waive generally present requirements of the law which accent the relationship between urban renewal and the improvement of residential standards. Thus, the committee has approved a new exception but has required that capital grant funds for this new exception be made available out of the present 10 percent of total capital grant funds available for all exceptions.

VOCATIONAL TRAINING AND TRAINING PAYMENTS

In areas where the principal industry has left or is obsolete, or where the area never reached an advanced state of development, it will be important to provide vocational training and retraining for the people of the area. Developing new industries in the area will accomplish little, and will, in fact, be impossible, unless the available labor can meet the needs of the industry. Accordingly, the bill provides that the Secretary of Labor shall determine the needs of the area for vocational training and shall cooperate with the Secretary of Health, Education, and Welfare and existing State and local agencies to make these services available to the area. And in areas where additional facilities are needed, the Secretary of Health, Education, and Welfare is to provide assistance, including financial assistance where necessary, to the appropriate State vocational educational agencies or through educational institutions if the State agency is unable to do so. The provision expressly limits this training or retraining to what is needed for new employment in the area; it is not intended to cover training for jobs in other areas.

Since every State and Territory in the United States has a State board for vocational education that has operated vocational training programs successfully for more than 40 years, the Secretary of Labor will be expected to use officials of such State boards to assist with determining the training and retraining needs of unemployed individuals residing in redevelopment areas and funds authorized under this act for establishing, expanding, and operating needed vocational training programs and facilities shall be channeled through such boards. Such boards have authority under existing State and Federal laws to make Federal vocational training funds available for training programs in high schools, special vocational schools, technical institutes, junior colleges and senior colleges. Such a procedure would result in using existing authorities at the State and local levels and would avoid duplication and possible conflict.

In order to enable unemployed persons to get the benefits of this training the bill also provides that the Secretary of Labor may make

weekly retraining payments, through State agencies, to unemployed persons in the redevelopment areas, for the duration of the training period, but in no case to exceed 16 weeks at the average weekly unemployment compensation rate in that State. These payments are to be limited to those not receiving unemployment compensation.

AMENDMENTS TO THE BILL

Criteria for industrial areas

In an attempt to meet some of the objections of the administration to S. 722, the committee revised the criteria for the designation of industrial redevelopment areas, and adopted a modified version of the Administration criteria. Under the bill as reported the Administrator will be required to designate as an industrial redevelopment area "any industrial area—

(1) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in subparagraph (2) below; and

(2) at least—

(a) 50 per centum above the national average for three of the preceding four calendar years, or

(b) 75 per centum above the national average for two of the preceding three calendar years, or

(c) 100 per centum above the national average for one of the preceding two years."

This change was also made because of the desirability, in a permanent statute, to use as a test for the eligibility of an industrial area the relation over an extended period of time between the rate of unemployment in an area and the national average rate of unemployment. The committee felt that new criteria most clearly carried out the basic requirement of the act that it should apply to areas which have suffered from "substantial and persistent unemployment for an extended period of time."

Under the new criteria, in order to be eligible, an industrial area would have to have a current rate of unemployment, not counting unemployment due primarily to temporary and seasonal factors, of 6 percent or more. In addition, the area would have to have had an average rate of at least 6 percent unemployment for 3 out of the preceding 4 calendar years, or for 2 of the preceding 3 calendar years, or for one of the preceding 2 years. In addition, also, the area would have to have had unemployment 50 percent above the national average for 3 of the preceding 4 calendar years, or 75 percent above the national average for 2 of the preceding 3 calendar years, or 100 percent above the national average for one of the preceding 2 years.

In addition, the committee adopted a modification of the Kennedy-Williams (New Jersey)-Humphrey-McCarthy amendment. As adopted by the committee, the amendment requires the President to notify the Administrator when he makes a report under the peril-point or escape-clause provisions of the Trade Agreements Extension Act of 1951. The Administrator is then required to give priority of consideration for designation as an industrial redevelopment area to any industrial area in which a substantial part of the employment

is or most recently was in the affected industry. The area must, of course, satisfy the requirements of the act both for designation and obtaining assistance. The provision was not intended to change any of the requirements of the act but merely to give priority of consideration in connection with the designation as industrial redevelopment areas.

Rural redevelopment areas

The committee adopted a modification of the amendment suggested by Representative Edmondson. Under the amendment adopted, the Administrator is required to consider, among other factors, the proportion of the population of a rural area which is receiving public assistance, in determining whether to designate an area as a rural redevelopment area.

In addition, the committee amended the basic definition of rural redevelopment areas to read as follows:

those rural areas within the United States which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment.

This change was made in order to make it clear that the Administrator should concentrate his attention upon the rural areas which are suffering most severely from substantial and persistent unemployment or underemployment and which have the largest numbers and highest percentages of low-income families.

Public utilities

The committee amended the provision relating to loans and grants for public facilities in accordance with an amendment proposed by Senator Frear. This amendment prohibits either a loan or grant to a State or municipality for a public facility which would compete with an existing privately owned public utility rendering a service to the public under State regulation unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in service which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

Retraining subsistence payments

The committee adopted an amendment proposed by Senator Byrd of West Virginia to increase the maximum period for retraining subsistence payments from 13 weeks to 16 weeks, and at the same time to make it clear that the payments could not be paid beyond the actual period when the training was being received. The committee felt that the 13 weeks period might in many cases be too short to provide the full training needed, though it was recognized that in many cases a shorter period would suffice.

Record of applications

The committee adopted a proposal requiring the Administrator to keep a permanent public record containing information with respect to approved applications. This amendment further strengthens the

provisions already in the bill relating to the employment of expeditors and administrative employees and the penal provisions of the bill prohibiting investment or speculation by employees and others connected with the administration on the basis of information concerning the proposed actions of the Administrator in securities or property of concerns receiving assistance under the act.

Records and audit

As a further protection against abuses, the committee adopted a provision from Senator Scott's bill, S. 268. This amendment requires borrowers to keep full records concerning projects for which loans have been made. It also authorizes audits and examinations of the records of borrowers by the Administrator and by the Comptroller General.

* PROPOSAL FOR DEVELOPMENT OF "UNDERDEVELOPED REGIONS"

During the hearings, the committee received testimony from the Eastern Kentucky Regional Planning Commission favoring the designation of "underdeveloped regions" for assistance as well as depressed areas. It was pointed out that in some instances, basic developmental needs are regional and multistate in character, including such regional facilities as highways, water transportation, flood control and water supply.

While the committee feels that the principles embodied in the proposed amendments are too broad and far reaching to permit inclusion in the bill, it is also felt that the suggestions deserve careful consideration and study in relation to future treatment of the national economy.

SECTION-BY-SECTION ANALYSIS

Section 1

The short title of the act is the Area Redevelopment Act.

Section 2. Declaration of purpose

The purpose of the act is to help areas of substantial and persistent unemployment and underemployment to plan and finance their economic development. This would be accomplished by assisting communities, industries, enterprises, and individuals in providing new employment opportunities and by expanding existing facilities and resources without substantially reducing employment in other areas of the United States.

Section 3. Area Redevelopment Administration

An Area Redevelopment Administration would be established as an independent agency under the direction and control of an Administrator who is to be appointed by the President, with the advice and consent of the Senate.

Section 4. Advisory board

The bill provides for the establishment of two advisory groups.

Subsection (a) would create an Area Redevelopment Advisory Board. The Administrator is to act as Chairman of this Board. In addition to the Administrator, 11 heads of departments or independent agencies are designated as members of the Board.

Subsection (b) would create a National Public Advisory Committee on Area Redevelopment to be appointed by the Administrator to consist of 25 members representing labor, management, agriculture, and the public in general. This Committee is to make recommendations to the Administrator in carrying out his duties. It is required to meet twice a year.

Subsection (c) authorizes the Administrator to call ad hoc industry committees representing the parties in interest, including representatives of the transportation and other industries, when an industry has been a primary source of unemployment or underemployment areas designated by the Administrator as redevelopment areas. The industry committees are to recommend plans and programs to the Administrator with reference to such industry.

Section 5. Redevelopment areas

The bill recognizes two types of redevelopment areas—industrial and rural—which will be eligible to receive Federal assistance under this bill.

Under subsection (a) an area may be designated an industrial redevelopment area in any one of the following ways: (1) the Administrator may, at his discretion, determine that a given area has been subject to substantial and persistent unemployment for an extended period of time and designate the area an industrial redevelopment area; or (2) the Administrator must designate an industrial area as an industrial redevelopment area—

(1) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in subparagraph (2) below; and

(2) where the annual average rate of unemployment has been at least—

(a) 50 per centum above the national average for three of the preceding four calendar years, or

(b) 75 per centum above the national average for two of the preceding three calendar years, or

(c) 100 per centum above the national average for one of the preceding two years.

Areas adversely affected by trade agreements concerning which the President has notified the Administrator under section 5(f) are given priority in consideration of designation as industrial redevelopment areas.

Subsection (b) sets forth the criteria for designating a rural area as a rural redevelopment area. The Administrator is directed to designate as rural redevelopment areas those rural areas which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making these designations the Administrator is required to consider, among other relevant factors, the number of low-income farm families in the various rural areas in the United States, the proportion such low-income families are to the total farm families of each of such areas, the relationship of the income levels of families in each such area to the general levels of income in the United States, the current and

prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment and the proportion of the population receiving public assistance.

Subsection (c) provides that in making determinations concerning redevelopment areas the Administrator is to be guided, but not conclusively governed, by studies made and the available information compiled by the various Federal agencies, State and local governments, universities and private organizations.

Under subsection (d) the Administrator may also request from the Secretary of Labor, the Secretary of Agriculture, and the Director of the Bureau of the Census special studies and such information and data as he deems necessary to enable him to make the determinations provided for in this section. The Administrator is required to reimburse these agencies for expenditures which they incur in connection with filling his requests.

Subsection (e) defines the term "redevelopment area" to mean any area within the United States which has been designated by the Administrator as an industrial redevelopment or a rural redevelopment area. It is the intention of the committee, by this provision, to limit the benefits of the act to the several States and not to extend it to the District of Columbia or to any other area which is not a State.

Subsection (f) requires the President to notify the Administration when he reports to the Congress under the peril point procedure or when he reports to the Ways and Means and Finance Committees under the escape clause procedure of the Trade Agreements Extension Act of 1951.

Section 6. Loans and participations

Under subsection (a) the Administrator is authorized to make loans (including participations), to assist in the purchase or development of land and facilities (including machinery and equipment) for industrial use, or for the construction, rehabilitation, or alteration of industrial plants. This assistance shall not be extended for working capital or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

Subsection (b) imposes the following restrictions:

(1) The total amount of loans and participations outstanding at any one time in industrial redevelopment areas must not exceed \$100 million and in local redevelopment areas must not exceed \$100 million.

(2) The assistance may only be extended to applicants which have been approved for the purpose by an agency of the State or its political subdivision concerned with problems of economic development in the State or subdivision.

(3) The project will provide more than a temporary alleviation of unemployment or underemployment.

(4) The assistance may only be extended if such financial assistance is not otherwise available from private lenders or other Federal agencies on reasonable terms.

(5) An immediate participation is to be preferred to a loan.

(6) There must be reasonable assurance of repayment.

(7) The length of the loan may not exceed 30 years, plus an additional 10 years in the course of liquidating the loan.

(8) The interest must be one-half of 1 percent above the amount paid to the Secretary of the Treasury. One-quarter of 1 percent must be placed in a sinking fund to cover losses on loans.

(9) The assistance must not exceed 65 percent of the cost to the applicant, excluding other Federal aid, and the following conditions must be observed:

(A) Enough funds must be available to complete the project;

(B) at least 10 percent of the cost must be supplied by the State or a subdivision, community or area organization, as equity capital, or as a loan;

(C) in the case of a project in an industrial redevelopment area not less than 5 percent of the cost must be supplied by non-governmental sources;

(D) the Federal financial assistance must be repayable after other loans made in connection with the project and in accordance with this section have been repaid in full;

(10) an overall program for the economic development of the area must have been approved by the Administrator and a finding must be made by the State or a subdivision that the project is consistent with the program.

Subsection (c) provides that if there is no agency or instrumentality in a State or subdivision qualified to approve applicants under this section, the Administrator may appoint a local redevelopment committee consisting of seven or more residents of the area representing labor, commercial, industrial and agricultural groups and the residents of the area generally.

Subsection (d) creates a revolving fund of \$100 million for projects in industrial redevelopment areas and another revolving fund of \$100 million for projects in rural redevelopment areas.

Section 7. Loans for public facilities

(a) Loans for public facilities may be made upon the application of a State or a political subdivision thereof, or an Indian tribe, or a private or public organization or association representing a redevelopment area. The loan may be made for the purpose of financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within the redevelopment area.

The project must provide more than a temporary alleviation of unemployment or underemployment, and must tend to improve the opportunities in the area for the successful establishment or expansion of industrial or commercial plants or facilities. The loan may not be granted unless funds are not available from other sources on reasonable terms. The amount of the loan plus other available funds must be sufficient for completion of the project. There must be a reasonable expectation of repayment.

(b) The loan is limited to 65 percent of the aggregate cost of the project, and it must mature within 40 years. The interest rate is to be one-quarter of 1 percent above the rate of interest paid by the Administrator to the Secretary of the Treasury.

Under subsection (c) the Administrator must require that at least 10 percent of the cost of the project shall be supplied by the State (or any political subdivision thereof) as equity capital, or as a loan.

The Federal loan is to be subordinate to other loans made in connection with the project and in accordance with this section. (Subsection (d).)

Subsection (e) prohibits financial assistance to a public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

A revolving fund of \$100 million is set up, from funds borrowed from the Treasury.

Section 8. Grants for public facilities

Subsections (a) and (b) would authorize the Administrator to make studies of the needs for public facilities in the various redevelopment areas and to make grants for the acquisition or development of land for public facility usage in redevelopment areas, and for the construction, rehabilitation, or improvement of public facilities in such areas. Any such grant could be made only pursuant to a proposal (showing the proposed project, its cost, and the proposed local contributions) received from the State or local government, Indian tribe, or from a public or private organization representing the redevelopment area (or part thereof) concerned, and only if (1) the proposed project will provide more than a temporary alleviation of unemployment or underemployment in the area, and will tend to promote industrial or commercial development, (2) the entity requesting the grant will contribute to the cost of the project in proportion to its ability, and (3) the project is urgently needed in the area and could not be undertaken without such a grant. No such grant could exceed the difference between the total cost of the project and the amount available for it from other sources (including loans under sec. 7 of the bill).

Subsection (c) would direct the Administrator to issue regulations to insure that Federal funds made available for public facility projects under this section are not wasted or dissipated.

Subsection (e) would impose a restriction on grants for public utilities like the restrictions imposed on loans under subsection 7(e) described above.

Subsection (e) would authorize appropriations not exceeding \$75 million for public facility grants under this section.

Section 9. Funds for loans

This section would authorize the Administrator to obtain funds for making loans under sections 6 and 7 of the bill by borrowing from the Treasury in amounts not exceeding \$300 million outstanding at any one time. The interest rate on the notes and obligations representing this borrowing would be determined by the Secretary of the Treasury at a rate not greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes

or other obligations. The amounts thus obtained from the Treasury would be used to establish the revolving funds provided for in sections 6 and 7 of the bill.

Section 10. Information

The Administrator is authorized to help firms in redevelopment areas by providing them with technical information, market research, and other forms of assistance which are obtainable from the various Federal agencies and which might be useful to the areas in providing additional employment.

In addition, the Administrator would be directed to furnish Federal procurement agencies with a list of addresses of businesses located in redevelopment areas and the supplies or services that such firms are engaged in providing.

Section 11. Technical assistance

This section would authorize the Administrator to offer technical assistance to redevelopment areas. Such technical assistance might consist of data concerning the resources and the economic potential of the area and other information that may help the economic growth of these areas. The assistance may be provided directly through members of the staff of the Area Redevelopment Administration or through contracts with private individuals, partnerships, firms, corporations, or institutions. Not to exceed \$4,500,000 a year is authorized to be appropriated for the purpose of this section.

Section 12. Powers of Administrator

This section would provide the Administrator with the administrative powers needed to carry out the area redevelopment program under the bill. The Administrator would be authorized by this section to engage in such business transactions, and to take such action to acquire, dispose of, and otherwise deal with both real and personal property and to enforce any rights, claims, and obligations, as may be necessary or appropriate in connection with the performance of his duties under the bill; and to establish such rules and regulations as may be appropriate in carrying out the provisions of the bill.

Section 13. Termination of eligibility for further assistance

Under this section the Administrator is required to terminate the eligibility for area redevelopment assistance when he finds the economic conditions within the area improve, so as no longer to warrant such assistance. An area may be redesignated as a redevelopment area, if the economic conditions within the area deteriorate to qualify again for redevelopment assistance. No action in terminating the eligibility of an area to receive aid under this bill will affect the validity of any contracts entered into prior to the termination of eligibility.

Section 14. Urban renewal

Subsection (a) adds to title I of the Housing Act of 1949 a new section 112 which—

(a) provides financial assistance to local public agencies in any otherwise eligible municipality where the Area Redevelopment Administrator certifies to the Administrator (HHFA) that—

(1) the municipality is situated in an area designated as an industrial redevelopment area, and

(2) there is a probability that such assistance will contribute to more than temporary improvement in economic development;

(b) waives the "predominantly residential" requirement of section 110 (c) of title I of the Housing Act of 1949, but prohibits assistance to areas in which the Administrator determines that relocation of business operations from one area to another would result in increasing unemployment in the area of original location;

(c) permits financial assistance to an area containing primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan;

(d) authorizes disposition of land under this section to any public agency or nonprofit corporation for subsequent disposition provided that—

(1) such disposition shall be made to the public agency or nonprofit corporation at not less than fair market value for uses in accordance with the urban renewal plan;

(2) subsequent purchasers shall be required to assume the obligations imposed under section 105 (b) of title I of the Housing Act of 1949 (105 (b) requires developer to proceed with development or redevelopment promptly and in accordance with approved plan);

(e) permits the Administrator to continue financial assistance to a project in execution even though the area in which the project is located may no longer be an industrial development area.

Subsection (b) amends section 110 (c) of title I of the Housing Act of 1949 to include as an additional type of exemption industrial or commercial redevelopment areas as defined in section 112 (a). This would require that Federal capital grants for all nonresidential projects, including the new exemption, be limited to 10 percent of total capital grant authorizations.

Section 15. Urban planning grants

This section amends section 701 of the Housing Act of 1954 so as to make planning grants available to communities having populations of 25,000 or more if designated as industrial redevelopment areas.

Section 16. Vocational training

This section provides that the Secretary of Labor shall determine the training or retraining needs of the labor force in a redevelopment area. The Secretary of Labor would have the responsibility to arrange to provide any necessary technical assistance for setting up apprenticeship, journeyman, and other job training needed in the area, and the Secretary of Health, Education, and Welfare would have the responsibility to arrange for the availability of facilities and services necessary for vocational training or retraining. The training is limited to what is needed to qualify persons for new employment in the redevelopment area.

Section 17. Retraining subsistence payments

This section would provide that the Secretary of Labor shall enter into agreements with States in which redevelopment areas are located whereby such States (as agents of the United States) would make weekly retraining payments to unemployed individuals in such areas

who are not entitled to unemployment compensation and who are undergoing training for new jobs. Such payments could not be made to any individual for more than 16 weeks, and each such payment would be equal in amount to the average unemployment-compensation payment payable in the State concerned.

Section 18. Penalties

Subsection (a) makes it a crime to make a false statement or willfully overvalue a security for the purpose of obtaining a loan or of influencing any action of the Administrator or to obtain money, property, or anything of value under the act.

Subsection (b) makes it a crime for any employee or agent of the Administrator to embezzle or misapply any money or securities, or make any false entries, or to issue or assign notes or other documents with intent to defraud, or to participate or share in any loan or contract made by the Administrator with intent to defraud, or to give out any unauthorized information about the actions or plans of the Administrator, or to invest or speculate in the securities of a company receiving assistance from the Administrator.

Section 19. Employment of expeditors and administrative employees

This section provides that a loan may not be made to a business enterprise unless the names of the attorneys and agents expediting the application and the fees paid to them are certified to the Administrator and unless an agreement is executed requiring the firm to refrain from employing or offering to employ or retain the professional services of an employee of the Administrator who exercised discretionary power at the time the assistance was granted or during the preceding year.

Section 20. Record of applications

The Administrator would be required to keep a public record of the applications approved, with the name of the applicant and the amount, duration and purposes of the loan, and the security given.

Section 21. Prevailing rate of wage and 40-hour week

This section requires the Administrator to insure that all laborers and mechanics employed by contractors and subcontractors on projects undertaken by public applicants assisted under the act (1) be paid wages at rates no less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor under the Davis-Bacon Act and (2) receive time and one-half for hours worked during a week in excess of 40.

Section 22. Annual report

This section would require the Administrator to submit a detailed and comprehensive annual report to the Congress, beginning with the fiscal year ending June 30, 1959. The report shall show, among other things: (1) the number and size of Government contracts placed with business firms located in redevelopment areas; and (2) the size and number of such contracts which were placed with business firms located in redevelopment areas pursuant to paragraph 3 of section 12 of this act, and (3) the amount and duration of employment resulting from such contracts. The various procurement agencies, upon the request of the Administrator, are directed to furnish the Administrator such information as may be necessary to enable him to carry out his duties under this section.

Section 23. Appropriations

This section provides authorization for appropriations necessary to carry out the provisions of the act.

Section 24. Use of other facilities

This section requires the Administrator to use available services and the advice of other Government agencies on a reimbursable basis, to the extent practicable and with their consent. It also requires Government agencies to exercise their powers, duties, and functions so as to assist in carrying out the objectives of the act.

Section 25. Records and audit

This section requires borrowers under sections 6 and 7 to keep records of their activities and to allow the Administrator and the Comptroller General access to their records.

MINORITY VIEWS OF MR. ROBERTSON, MR. FULBRIGHT, MR. FREAR, MR. CAPEHART, MR. BENNETT, AND MR. BUSH

INTRODUCTION

The committee has voted, 9 to 6, to launch a new Federal program in a new Federal agency, with an initial authorization of \$389,500,000, plus administrative costs, aimed at alleviating conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

We do not deny the existence of serious problems in certain areas, but we believe the bill, S. 722, is fundamentally wrong in its approach and unworkable in its terms and its administration.

The sponsors of this bill have proposed a complex program which is basically discriminatory and unworkable. The tragedy in this bill is not only the fact that the Federal Government would be involved in wasteful and discriminatory expenditures, but more significantly, by initially labeling certain areas as depressed areas, the Government would raise false hopes for economic redevelopment in a program that is impossible to administer equitably.

ADMINISTRATION INEQUITIES AND OBSTACLES

Discrimination in favor of few

Careful scrutiny of the table in the appendix and the bill's provisions shows that only a very small proportion of the Nation's unemployed would be singled out as eligible for the alleged benefits of the program, and it should be noted that the selection process is based on purely arbitrary criteria.

As of November 1958, the number of unemployed in 23 major labor areas and 89 minor areas that would qualify for assistance under S. 722 was 768,800 or only 16 percent of the total volume of the Nation's unemployed. Furthermore, since the proposed program is presumably geared only to the goal of eliminating unemployment in excess of 6 percent in these areas, it would focus essentially on eliminating only 390,800 from the ranks of the unemployed, or 8 percent of total national unemployment.

The bill proposes that the Federal Government loan \$100 million in depressed industrial areas and \$100 million in low-income rural areas. These funds would be available for construction or renovation of factory buildings and equipping them with machinery. The committee has received evidence indicating that an investment of from \$10,000 to \$15,000 is required to support an industrial job. Thus, to provide jobs for the 390,800 unemployed who are the prospective beneficiaries of the bill would cost from \$3.9 to \$5 billion, of which the Federal share could be 65 percent. The proponents themselves agree the amounts provided in the bill are inadequate. But, we believe, once this program is started, these additional amounts will be demanded.

Criteria: Arbitrary and unworkable

The criteria used for selecting such a small proportion of unemployed are clearly arbitrary in nature. They provide little basis for distinguishing between cyclical unemployment, the elimination of which is not the purpose of the proposed legislation, and chronic unemployment, presumably the primary target. The weakness of the criteria is clearly evident in the apparent selection of two major areas and six smaller areas made eligible for assistance solely on the basis of unemployment 100 percent above the national average for one of the preceding 2 years. The major areas are Lorain-Elyria, Ohio, and Huntington-Ashland, W. Va. The smaller areas are New-castle, Ind.; Ionia-Belding-Clarksburg, W. Va.; Greenville, Mich., and Owosso, Mich.; Auburn, N.Y.; and New Castle, Pa. How is the Administrator to determine that these areas are suffering no more than a slow recovery from a cyclical recession?

Under the provisions of the proposed bill, an area may automatically be stamped a "redevelopment area" despite a pronounced improvement in its percentage of employment. South Bend, Ind., for instance, would be eligible for assistance under the bill despite the fact that its percentage of unemployment has declined from more than 16 percent in May of 1958 to around 7 percent in January 1959. Conversely, other areas, now ineligible may be moving toward distress. Fixed unemployment percentages and time periods do not provide an adequate basis for appraising the direction of change in the unemployment picture.

What is the rational basis for arbitrarily selecting a 6 percent volume of unemployment as the basic cutoff point in eligibility considerations? Are we to assume that all unemployment above 6 percent for a specified period reflects chronic conditions, while a lower unemployment percentage for the same time span reflects only frictional or short-run phenomena? Clearly, the evidence available does not support such a distinction. Differentials in unemployment percentages may suggest differentials in severity of unemployment but certainly furnish no insights as to the basic factors underlying unemployment in a given area nor any basis for placing the official "redevelopment area" stamp on particular areas and not on others with slightly lower percentages of unemployment.

The criteria for eligibility, by their nature, impose an impossible burden on the administration of the program. In the absence of detailed area studies of the forces underlying high unemployment, the Administrator is placed in an unenviable position of making discriminatory judgments, in favor of some unemployed, and against others, without having a clear-cut basis for his decision.

Furthermore, once having made his determination of eligibility, how does the Administrator ration admittedly inadequate funds as noted heretofore to solve all the needs of each eligible area?

It will be impossible to meet the demands of all the areas, industrial and rural, eligible for assistance. Pressure will be applied to the Administrator of the program and to Members of the Congress by local communities seeking aid. Since the criteria for eligibility give little or no consideration to economic or business standards, the Administrator may well be forced to choose among the applicants on the basis of favoritism and political expediency. The procedure for

processing applications by State or local government departments and by private local committees, if there is no appropriate governmental unit, offers no protection in this regard and, in fact, would intensify the competition among applicants. The situation is further aggravated by the fact that there is no limitation on the amount of funds that may be loaned or granted in any one State.

The bill also provides authorization for \$75 million in PWA-type grants for up to 100 percent of the cost of public facilities, with the amount of the community's contribution left solely to the Administrator's discretion. This provision opens up even greater possibilities for politics and favoritism in the distribution of this huge amount of money. However, municipalities who think they see in this grant program a new source of funds for enlargement or improvement of needed public facilities, may also be disappointed to learn that such enlargements in improvements must be related to a private industrial or commercial development which will provide additional permanent employment.

Discrimination within industries

Moreover, not only would the bill promote discrimination by the Federal Government in favor of some areas at the expense of others, it would also promote such discrimination to benefit some companies within a given industry at the expense of competitors.

Assume a situation in which several companies have plants in various parts of the country, none of which are in a so-called "depressed area."

Company A, employing 250 persons, is at a competitive disadvantage because it has not kept pace with the industry as a whole in modernizing its factory and improving machinery.

A community eligible for redevelopment under the bill builds and equips a factory with Federal assistance, and induces company A to relocate.

A double discrimination, promoted with Federal funds, has thus taken place: discrimination against the area of original location of company A and discrimination against company A's industrial competitors.

Administrative difficulties compounded in rural program

Most of what we have said about the defects of this bill, and the fundamental approach which it takes, has been directed at the "industrial redevelopment areas" classification. These are those areas which have had industrial development in the past and, because of the flexibility and mobility of industry, depletion of natural resources and technological change, have deteriorated. The bill also attempts a program of rural development. At least superficially, the bill attempts to equate the benefits between the two types of areas. In the predecessor bill, S. 3683, 85th Congress, this precept was also included, but the number of rural counties eligible for development was limited to 300, or 10 percent of the 3,000 counties in the country. This bill eliminates that restriction. However, the criteria for selection are virtually the same, and open up endless possibilities for pressures to be exerted on the Administrator to be political or capricious in his decisions. The very vagueness of the criteria, based upon data which is neither adequate nor current, has led many representatives of rural areas to assume mistakenly that their areas will be selected for development.

The map, entitled "Labor Market Areas Which May Qualify for Assistance Under S. 722, February 1959, and Low Income and Level of Living Areas in Agriculture, 1955," which appears opposite page 110 in part 1 of the hearings and facing page 58 of this report, shows a total of 1,209 counties—more than we believe even the proponents would contend could possibly meet all the criteria of this section of the bill. The map is based on 1955 data, so far as the rural areas are concerned.

We are interested in rural development and in the balancing of the farm economies in many rural areas with industrial development. We favor this because of the high costs and other deficiencies of "farm programs," particularly as they affect low-income farmers.

However, the political impetus behind this bill is clearly derived from the deteriorated industrial areas which seek to return to the status quo ante. Believing, as we do, that the administration of the program is bound to be affected by this political bias, we also believe that the development of rural areas promised by this bill will not be fulfilled. On the contrary, we think that their progress toward development will be deterred. Their location with respect to expanding markets, their proximity to natural resources, and other advantages which they would have under private market decisions would be subordinated. Overriding these considerations would be political pressures or arbitrary decisions taking their impetus from industrial areas which seek to return to their former status.

How long is aid to be continued in a particular area? The bill provides no benchmarks for terminating Federal assistance. Since revival cannot be guaranteed, it would always appear that Federal aid was "not enough." The proposed bill provides no protection or safeguards against the inevitable pressures from those seeking aid and those fighting against the termination of such aid.

The dilemma of antipirating restrictions

The complete unworkability of the proposed legislation is clearly illustrated by the attempt of its proponents to meet the so-called runaway shop or industry-pirating problem.

The bill includes a so-called antipirating provision stating that Federal loans shall not be made to assist—

establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

While we differ as to the effectiveness of the proposed language, we agree that the proponents of the bill have placed an impossible burden upon the Administrator, who would face this dilemma:

If areas are to be redeveloped to the maximum extent possible, the inducements offered by the Federal Government in cooperation with other public and private agencies, are bound to encourage the transfer of jobs and facilities from one area to another. The very essence of growth and development involves movement of resources. A manufacturing firm with a branch plant built under a "depressed areas" program will want to remain free to allocate production among its various plants in future years. Communities in almost every State and congressional district are interested in attracting new industry and jobs. Clearly, under an unrestricted area redevelopment pro-

gram, communities are certain to feel the impact of any redistribution of resources and jobs induced by the availability of Federal money to areas which are currently depressed. Thus, the danger arises that new depressed areas may be created in an attempt to eliminate those now existing.

On the other hand, if the proposed legislation places severe restrictions on the entry of firms into depressed areas in an effort to guard against the so-called industry-pirating problem, the program of redevelopment may well be seriously handicapped.

In short, the Administrator's problem, under the bill, is one of either building up some areas at the expense of others or attempting to comply with a legislative standard which is unenforceable. There are no criteria for determining the amount of unemployment that might be regarded as inflicting "substantial detriment" upon a community. Would the relocation of an industry providing 100 jobs from Detroit to another State result in sufficient additional "detriment" to a community with 217,000 already unemployed to be reckoned as "substantial"? How and when would the Administrator ascertain that redevelopment in one area violates the apparent intent of the Senate to avoid pressures in other areas?

IMPROPER INTERFERENCE WITH PRIVATE MARKETS

The basic defect of the approach of this bill is this: It runs counter to the precepts of what is still essentially a private market mechanism operating within a dynamic and growing economy.

Resource allocation in a private economy

In such an economy, the decisions of what to produce, how to produce, how much to produce, and *where* to produce are guided by relationships between prices and costs and what such relationships suggest as to existing and anticipated profits.

If buggy whips are no longer desired, the effective demand falls, the profits disappear and resources tend to shift to other commodities and regions where demands relative to supply are much stronger. If automobile manufacturers expand too rapidly, and overshoot the mark because they have miscalculated the absorptive capacity of the automobile market, some companies will retrench or disappear under the pressure of falling returns. Surplus resources in such a situation tend to move to other economic fields and possibly, and properly, to other regions. It is to be expected that in the course of change and growth, some commodities, particular occupations, and certain regions will decline in economic significance, while others will increase in significance. This is the normal process of adjustment which takes place in a free dynamic economy. There is nothing in the free enterprise system to suggest that a geographical region should continue to have the same economic significance it has always had. There is nothing in a private market economy to suggest that a heavily industrialized area such as Detroit can maintain the rapid rate of growth it enjoyed in the past.

The effective operation of a private market economy does suggest the importance of flexibility in the allocation of resources. Adjustment to changes introduced by technology, demand shifts, etc., require a high degree of mobility of resources, including labor and

entrepreneurial ability. The strength of the United States to a great degree is attributable to the fluidity of its resources among such areas as could use them most efficiently. Unlike the economies of other continents, the economy of the United States has been able to distribute its resources into their most efficient uses without regard to State boundaries or regional areas. This has always been an essential strength of our political system—that it permitted these adjustments.

The high cost of Government interference

The proposed bill contradicts the basic prerequisites of our economy by placing the Federal Government in the dangerous position of attempting to induce resources into a region already labeled by market forces as economically unattractive.

The determination of eligible areas is based primarily upon arbitrary criteria—the percentage and duration of unemployment. These criteria entirely ignore the *reasons* for the unemployment and underemployment in a given area, and the *potentialities* for redevelopment of the area. The areas are *selected* for redevelopment by reason of the very fact that their economies have deteriorated. They are *selected* for redevelopment notwithstanding the fact that private investors do not consider them as attractive as other areas. Whether or not the private judgment is correct, it is artificial and paradoxical to use the very fact of deterioration as the basis for a Federal decision that these areas are *the ones* to be selected for redevelopment. If any conclusion is to be reached because of their deterioration and inability to attract private investment, it would seem to be that—for any number of reasons—their redevelopment is not economically feasible when compared to other areas. These areas have attracted private investment in the past; they do not attract it now.

The bill's efforts to restore a given area by means of low-cost loans and grants only contributes to a weak and uncertain foundation for that area and to substantial detriment to other areas not eligible for Federal assistance.

What the sponsors of the bill fail to recognize is that redevelopment of certain distressed areas may be obtained only at a high real cost—namely, the goods and services lost to the economy by forcing an allocation of resources which does not permit their most efficient utilization. If Detroit is now suffering from the excesses of industrial overexpansion relative to existing markets, we solve no fundamental problem by inducing resources to such an area, when such resources might be used more appropriately elsewhere.

The Employment Act is cited by the proponents of this bill as an argument for this type of Federal intervention. We do not deny the responsibility of the Federal Government to assist in maintaining maximum employment and purchasing power. We do dispute the contention that the Federal Government, in disregard of economic facts, can and should restore, in selected areas, employment and purchasing power to levels experienced in the past. The Federal Government's responsibility under the Employment Act is general in nature and should never be construed as an effort to preserve the status quo in every segment, industry and area of the economy.

If we are to have overall economic growth with a minimum of inflationary cost increases, we must strive to maintain flexibility, not rigidity, in the allocation of our resources. We believe the policy objective

enunciated in the Employment Act is not merely the full utilization of resources, but, rather, the full *and most efficient* use of resources so as to provide the maximum volume of goods and services at a minimum of cost. The decision of where to locate a particular industry should be a private one—without any intervention by the Federal Government, so long as we depend upon the “private market mechanism” as the one which makes the most efficient decisions in this respect.

FAILURE TO RECOGNIZE EXISTING PROGRAMS

The devices established in the bill to carry out its objectives are defective in the failure to recognize existing programs, thus causing a duplication of efforts. The bill proposes to create a new agency. The creation of this new agency completely ignores the existence of the Area Development Office in the Department of Commerce and the rural development program in the Department of Agriculture.

During the last Congress the Small Business Investment Act was initiated. Although the sponsors of this bill, S. 722, have deprecated the progress made in implementing the Small Business Investment Act, the solution to that problem is not to ignore it, nor to pass legislation which would duplicate its functions in the apparent hope that the duplicating of functions will, somehow, cure the lack of progress complained of. The duplicating functions provided in S. 722 undoubtedly will involve longer delays in implementation, if only because they involve the creation of a new agency.

The thesis behind the Small Business Investment Act (Public Law 85-699) was that there was an “institutional gap” in our economic structure which made it difficult, or unduly expensive, for small businesses to obtain long-term credit and equity capital. This conclusion was founded upon a study conducted by the Federal Reserve Board. Neither this study, nor the legislative hearings and reports, indicated in any way that this credit gap was limited to particular areas of the country. On the contrary, as an “institutional” defect, the inadequacy of long-term and equity facilities, was found to be nationwide.

It was found that this defect was being met, in part, by the mushrooming of State and local development corporations—now some three thousand in number—which needed additional funds to lend to small business concerns. They were made eligible for long-term loans. The act also provided for assistance in financing (and another act provided tax incentives) for *privately organized* small-business investment companies, with a large part of their funds coming from private sources. These companies, in turn, will make long-term loans and equity-type investments in small business concerns. The loans and investments would be based upon private judgment of the entrepreneurs, with some risk and some possibility of profit, with minimum interference from the Small Business Administration. Two hundred and fifty million dollars was authorized for loans to and investments in State and local development corporations and small-business investment companies, wherever located.

The program provided in S. 722 is an unwarranted duplication of the provisions of the Small Business Investment Act, and because of its dependence upon artificial criteria for area eligibility, is the least desirable of these duplicating programs, as it puts the Federal Government in the position of influencing the location of industry.

CONCLUSION

We oppose S. 722 because it is arbitrary, discriminatory and anti-theoretical to the basic tenets of a free economy in which flexibility, not rigidity, is essential in the allocation of resources. The bill, if successful, would tend to freeze our economy in a fixed pattern on the basis of criteria which do not take into account reasons for economic deterioration and potentialities for development.

The cost of the program is excessive, particularly in terms of the projected benefits. The initial authorization of \$389.5 million at \$10,000 to \$15,000 per job would not begin to provide jobs for even the 390,800 unemployed who are the prospective primary beneficiaries of the bill. (This is the number of unemployed in the eligible areas whose joblessness makes these areas eligible.) To provide jobs for this number, at \$10,000 to \$15,000 per job, would cost from \$3.9 billion to \$5 billion. Thus, the undertaking of this program creates precedent and pressures for immense additional expenditures of Federal money. Yet the projected benefit is to provide jobs for only 8 percent of the Nation's unemployed.

The bill provides for \$75 million in grants for public facilities, for up to 100 percent of cost, the communities' contributions to be fixed at the Administrator's discretion, opening up great opportunity for abuse.

The bill creates a new permanent Federal agency in addition to existing agencies already engaged in related programs, with no limitation on the new agency's number of employees.

The bill provides for the financing of \$300 million in loans, such money not to be appropriated, but borrowed from the Treasury, with no provision for repayment or termination. The funds will revolve, and in view of their acknowledged inadequacy, there will be great pressure for expansion.

By approaching the problem of unemployment on a local or area basis, the bill puts the Federal Government in the position of influencing the location of industry without adequate safeguards to existing developed areas and to the detriment of previously underdeveloped areas which are progressing toward industrial development.

While we are aware of the problems confronting the people of depressed areas, we are equally aware of the necessity for opposing all programs which strike at the general efficiency of our private economy. We also believe that the program is unworkable in its terms and administration and, therefore, that it will be a disservice to these people to falsely raise their hopes of relief by this means.

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APPENDIX

Labor force and unemployment in areas of substantial labor surplus¹—major and smaller areas

State and area	Areas probably eligible for assistance under ² —		Estimated labor force	Unemployment		Date of information on labor force and unemployment
	S. 722	S. 1064		Number	Percent of labor force	
Alabama:						
Major areas:						
Birmingham.....			265,750	17,550	6.8	January 1959.
Mobile.....			118,170	7,300	6.3	Do.
Smaller areas:						
Alexander City.....			19,770	2,275	11.5	August 1958.
Anniston.....			34,245	3,480	10.2	Do.
Florence-Sheffield.....	X	X	45,535	4,775	10.5	December 1958.
Gadsden.....			33,665	2,960	8.8	July 1958.
Jasper.....	X	X	17,150	2,450	14.3	October 1958.
Talladega.....	X ³		20,440	2,280	10.9	November 1958.
Alaska, smaller area: Anchorage.	X		23,860	1,720	7.2	August 1958.
Arkansas, smaller area: Fort Smith.			31,400	1,850	5.9	December 1958.
California:						
Smaller areas:						
Eureka.....			39,800	1,200	3.0	September 1958.
Ukiah.....			23,400	800	3.4	Do.
Colorado, smaller area: Pueblo.			38,904	2,750	7.0	November 1958.
Connecticut:						
Major areas:						
Bridgeport.....			142,300	16,000	11.1	January 1959.
New Britain.....			47,300	4,900	10.3	Do.
New Haven.....			145,200	11,500	7.8	Do.
Waterbury.....			78,000	8,100	10.0	Do.
Smaller areas:						
Ansonia.....			20,630	2,200	10.7	December 1958.
Bristol.....	X	X ³	19,900	2,600	13.1	Do.
Danbury.....			27,800	1,700	6.1	Do.
Danielson.....	X	X	15,200	1,500	9.9	October 1958.
Meriden.....			39,820	3,600	9.0	December 1958.
Middletown.....			30,000	2,600	8.7	Do.
Norwich.....	X ³		22,180	2,200	9.9	Do.
Thompsonville.....			27,680	2,800	10.1	Do.
Torrington.....			26,070	2,600	10.0	Do.
Willimantic.....			15,400	1,100	7.1	Do.
Georgia, smaller area: Toccoa.			17,870	1,240	6.9	September 1958.
Illinois:						
Major areas:						
Chicago.....			2,787,800	210,000	7.5	January 1959
Joliet.....			60,600	4,300	7.2	Do.
Smaller areas:						
Canton.....			14,650	950	6.5	August 1958.
Centralia.....	X	X	22,500	2,700	12.0	November 1958
Decatur.....			47,600	3,600	7.5	October 1958.
Harrisburg.....	X	X	25,475	4,650	18.3	September 1958.
Herrin-Murphysboro.....	X	X	70,575	11,800	16.7	August 1958.
West Frankfort.....						
Litchfield.....	X	X	24,750	2,300	9.3	Do.
Mount Carmel-Olney.....	X ³		20,650	2,050	9.9	December 1958.
Mount Vernon.....	X	X	24,050	3,500	10.4	October 1958.
Indiana:						
Major areas:						
Evansville.....	X	X	84,200	7,900	9.7	January 1959.
Fort Wayne.....			91,600	6,900	7.4	Do.
South Bend.....	X	X	94,900	6,900	7.4	Do.
Terre Haute.....	X	X	44,400	4,600	10.5	Do.
Smaller areas:						
Henderson.....			48,280	4,280	8.9	October 1958.
Columbus.....			21,580	1,520	7.0	September 1958.

See footnotes at end of table.

Labor force and unemployment in areas of substantial labor surplus¹—major and smaller areas—Continued

State and area	Areas probably eligible for assistance under ² —		Estimated labor force	Unemployment		Date of information on labor force and unemployment
	S. 722	S. 1064		Number	Percent of labor force	
Indiana—Continued						
Smaller areas—Cont.						
Connersville.....			23,600	2,090	8.9	September 1950
Michigan City-La Porte.....	X	X	35,000	3,900	11.1	July 1958.
Muncie.....	X	X	39,230	5,400	13.8	Do.
New Castle.....	X		15,240	2,030	13.3	October 1958.
Richmond.....			23,880	2,200	7.6	September 1958.
Vincennes.....	X	X	14,753	1,420	9.6	August 1958.
Iowa, smaller area: Ottumwa.....			18,110	1,230	6.8	Do.
Kansas:						
Smaller area:						
Coffeyville-Independence-Parsons.....	X ³		28,030	2,250	8.0	November 1958.
Pittsburg.....	X	X	22,675	2,200	9.7	September 1958.
Kentucky:						
Major area:						
Louisville.....			300,800	24,400	8.1	January 1959.
Smaller areas:						
Corbin.....	X	X	27,050	3,450	12.8	September 1958.
Hazard.....	X	X	21,850	3,900	17.9	Do.
Hopkinsville.....	X		23,100	2,700	9.6	October 1958.
Madisonville.....	X	X	27,700	3,350	12.1	September 1958.
Middlesboro-Harlan.....	X	X	27,500	4,450	16.2	Do.
Morehead-Grayson.....	X	X	21,700	4,300	20.2	Do.
Owensboro.....	X	X	27,750	2,850	10.3	October 1958.
Paducah.....	X	X	43,150	5,850	13.6	November 1958.
Paintsville-Prestonsburg.....	X	X	24,050	3,650	15.2	September 1958.
Pikeville-Williamson.....	X	X	24,150	5,500	22.8	October 1958.
Louisiana, smaller area: Opelousas.....			24,430	2,250	9.2	December 1958.
Maine:						
Major area:						
Portland.....			63,300	6,200	9.8	January 1959.
Smaller areas:						
Blddeford-Sanford.....	X	X	29,200	3,600	12.3	August 1958.
Lewiston.....	X		35,200	3,200	9.1	Do.
Maryland:						
Major area:						
Baltimore.....			717,400	56,700	8.1	January 1959.
Smaller areas:						
Cumberland.....	X	X	40,600	5,350	13.2	August 1958.
Frederick.....			24,125	1,550	6.4	October 1958.
Westminster.....			16,850	1,375	8.2	December 1958.
Massachusetts:						
Major areas:						
Brockton.....			57,080	4,700	8.6	January 1959.
Fall River.....	X	X	57,220	6,620	11.3	Do.
Lawrence.....	X	X	57,350	5,350	9.5	Do.
Lowell.....	X	X ³	54,350	6,100	11.5	Do.
New Bedford.....	X	X	67,150	8,550	12.9	Do.
Springfield-Holyoke.....			198,840	17,000	8.6	Do.
Worcester.....			121,350	11,800	9.7	Do.
Smaller areas:						
Fitchburg.....			42,290	3,350	7.9	July 1958.
Greenfield.....			17,570	1,500	8.5	Do.
Haverhill.....			21,620	2,250	10.4	August 1958.
Marlboro.....			19,410	1,280	6.6	December 1958.
Milford.....	X ³		20,240	1,970	9.7	Do.
Newburyport.....			14,220	1,550	10.9	Do.
North Adams.....	X		17,670	2,840	16.2	August 1958.
Pittsfield.....			32,300	2,520	7.8	December 1958.
Southbridge-Webster.....	X	X ³	22,700	2,450	10.8	Do.
Taunton.....	X ³		26,490	3,320	12.5	July 1958.
Ware.....			14,340	1,450	10.1	Do.
Michigan:						
Major areas:						
Battle Creek.....			53,800		7.0	January 1959.
Detroit.....	X	X	1,521,000		14.6	Do.
Flint.....	X		141,300		7.0	Do.
Grand Rapids.....	X		140,000		9.8	Do.
Lansing.....			84,800		5.9	Do.
Muskegon.....	X	X	57,600		11.8	Do.
Saginaw.....			69,400		6.4	Do.

See footnotes at end of table.

Labor force and unemployment in areas of substantial labor surplus¹—major and smaller areas—Continued

State and area	Areas probably eligible for assistance under ² —		Estimated labor force	Unemployment		Date of information on labor force and unemployment
	S. 722	S. 1064		Number	Percent of labor force	
Michigan—Continued						
Smaller areas:						
Adrain.....	X	-----	29,500	3,900	13.2	August 1958.
Allegan.....	-----	-----	15,500	1,225	7.9	September 1958.
Ann Arbor-Ypsilanti.....	-----	-----	67,700	7,000	10.3	Do.
Bay City.....	X	X ³	36,500	4,700	12.9	December 1958.
Benton Harbor.....	-----	-----	51,800	3,200	6.2	Do.
Escanaba.....	X	X ³	14,900	2,000	13.4	Do.
Holland-Grand Haven.....	-----	-----	42,500	2,800	6.6	September 1958.
Ionia-Belding-Greenville.....	X	-----	30,900	5,700	18.4	August 1958.
Iron Mountain.....	X	X	15,600	2,400	15.4	December 1958.
Jackson.....	-----	-----	47,400	3,200	6.8	Do.
Marquette.....	X	-----	16,900	2,600	15.4	Do.
Monroe.....	X	X	23,100	2,100	9.1	November 1958.
Owosso.....	X	-----	18,200	2,300	12.6	September 1958.
Port Huron.....	X	X	34,600	3,900	11.3	December 1958.
Sturgis.....	-----	-----	16,900	1,400	8.3	July 1958.
Minnesota, major area:	-----	-----	69,800	9,400	14.1	January 1959.
Duluth-Superior.....	-----	-----				
Mississippi, smaller area:	-----	-----	23,934	1,934	8.1	August 1958.
Greenville.....	-----	-----				
Missouri:						
Major areas:						
Kansas City.....	-----	-----	428,200	28,200	6.5	January 1959.
St. Louis.....	-----	-----	842,100	63,500	7.6	Do.
Smaller areas:						
Cape Girardeau.....	-----	-----	18,550	1,300	7.0	November 1958.
Flat River-De Soto-Festus.....	-----	-----	46,425	6,200	13.3	August 1958.
Joplin.....	X	-----	36,050	2,950	8.2	November 1958.
Montana:						
Smaller areas:						
Butte.....	X	X	19,200	2,400	12.5	December 1958.
Great Falls.....	-----	-----	27,600	2,500	9.1	Do.
Kalispell.....	X ³	-----	15,960	1,875	11.7	Do.
New Jersey:						
Major areas:						
Atlantic City.....	X	X	63,100	11,600	18.3	January 1959.
Newark.....	-----	-----	921,800	80,500	8.9	Do.
Paterson.....	-----	-----	506,100	45,900	9.1	Do.
Perth Amboy.....	-----	-----	140,000	11,100	8.0	Do.
Trenton.....	-----	-----	166,500	14,900	8.9	Do.
Smaller areas:						
Bridgeton.....	X	X	50,700	4,100	8.1	October 1958.
Long Branch.....	X	X	119,000	11,100	9.3	November 1958.
Morristown-Dover.....	-----	-----	91,850	6,000	6.5	Do.
Plainfield-Somerville.....	-----	-----	82,200	5,200	6.3	Do.
New York:						
Major areas:						
Albany-Schenectady-Troy.....	-----	-----	244,800	-----	8.9	January 1959.
Binghamton.....	-----	-----	93,200	-----	7.7	Do.
Buffalo.....	-----	-----	533,100	-----	12.3	Do.
New York.....	-----	-----	5,463,700	-----	8.3	Do.
Syracuse.....	-----	-----	177,300	-----	8.1	Do.
Utica-Rome.....	-----	-----	138,200	-----	11.8	Do.
Smaller areas:						
Amsterdam.....	X	X	25,050	4,500	18.0	July 1958.
Auburn.....	X	-----	28,000	4,200	15.0	September 1958.
Batavia.....	-----	-----	23,100	1,700	7.4	Do.
Corning-Hornell.....	-----	-----	39,000	4,100	10.4	December 1958.
Elmira.....	-----	-----	41,400	4,800	11.7	August 1958.
Glens Falls-Hudson Falls.....	-----	-----	37,700	3,400	9.0	November 1958.
Gloversville.....	X	X ³	23,400	3,200	13.7	August 1958.
Jamestown-Dunkirk.....	-----	-----	62,900	6,100	9.7	September 1958.
Kingston.....	-----	-----	45,350	3,250	7.2	July 1958.
Newburgh-Middle-town Beacon.....	-----	-----	78,400	7,630	9.7	December 1958.
Olean-Salamanca.....	-----	-----	31,450	2,450	7.8	August 1958.
Oneida.....	-----	-----	17,850	2,150	12.0	October 1958.
Watertown.....	-----	-----	35,900	3,050	8.5	September 1958.
Wellsville.....	-----	-----	15,400	1,450	9.5	October 1958.

¹ See footnotes at end of table.

AREA REDEVELOPMENT ACT

Labor force and unemployment in areas of substantial labor surplus¹—major and smaller areas—Continued

State and area	Areas probably eligible for assistance under ² —		Estimated labor force	Unemployment		Date of information on labor force and unemployment
	S. 722	S. 1064		Number	Percent of labor force	
North Carolina:						
Major areas:						
Asheville.....	X	X ³	51,000	4,300	8.3	January 1959.
Durham.....			48,145	3,500	7.4	Do.
Smaller areas:						
Fayetteville.....	X	X	34,500	3,620	10.5	September 1958.
Kinston.....			22,165	1,005	4.5	October 1958.
Mount Airy.....	X		22,650	1,910	8.4	December 1958.
Rockingham-Hamlet.....	X		15,430	2,850	18.5	October 1958.
Rocky Mount.....			43,285	1,540	3.6	Do.
Rutherfordton-Forest City.....			16,615	1,315	7.9	November 1958.
Shelby-Kings Mountain.....	X	X	25,250	2,500	9.9	August 1958.
Waynesville.....			16,750	900	5.4	October 1958.
Ohio:						
Major areas:						
Canton.....			132,000	7,800	6.0	January 1959.
Lorain-Elyria.....	X		62,700	7,100	11.3	Do.
Toledo.....			195,900	15,200	7.8	Do.
Youngstown.....			229,300	20,000	8.7	Do.
Smaller areas:						
Ashtabula-Conneaut.....			30,400	2,300	7.6	November 1958.
Athens-Logan-Nelsonville.....			20,900	2,000	9.6	September 1958.
Batavia-Georgetown-West Union.....			25,600	2,500	9.8	August 1958.
Cambridge.....			17,200	1,500	8.7	Do.
Defiance.....			29,000	2,400	8.3	July 1958.
East Liverpool-Salem.....			32,500	2,400	7.4	September 1958.
Findlay-Tiffin-Fostoria.....			42,750	2,600	6.1	November 1958.
Kent-Ravenna.....			21,300	1,600	7.5	October 1958.
Kentoon.....			16,200	1,000	6.2	Do.
Marietta.....			16,600	1,400	8.4	September 1958.
New Philadelphia-Dover.....			38,300	2,900	7.5	December 1958.
Portsmouth-Chillicothe.....	X		61,700	5,100	8.3	November 1958.
Springfield.....	X ³		44,900	5,300	11.4	August 1958.
Zanesville.....			33,500	2,300	6.9	November 1958.
Oklahoma:						
Smaller areas:						
Ardmore.....			15,175	1,075	7.1	August 1958.
McAlester.....	X	X	13,310	1,450	10.9	July 1958.
Okmulgee-Henryetta.....			16,725	1,700	10.0	September 1958.
Oregon:						
Major areas: Portland.....			327,400	27,900	8.6	January 1959.
Smaller areas:						
Albany.....			24,235	975	4.0	August 1958.
Coos Bay.....	X ³		19,675	1,215	6.2	Do.
Eugene.....			56,050	2,710	4.8	Do.
Pendleton.....			16,045	1,315	8.2	November 1958.
Roseburg.....			24,000	1,075	4.5	August 1958.
Pennsylvania:						
Major areas:						
Allentown-Bethlehem-Easton.....			214,200	21,800	10.1	January 1959.
Altoona.....	X	X	53,700	7,700	14.4	Do.
Erie.....	X ³	X ³	99,100	16,900	16.9	Do.
Johnstown.....	X	X	99,400	16,500	16.8	Do.
Philadelphia.....			1,823,800	150,600	8.4	Do.
Pittsburgh.....			982,900	117,000	12.0	Do.
Reading.....			119,600	9,400	7.8	Do.
Scranton.....	X	X	102,700	17,400	16.9	Do.
Wilkes-Barre-Hazleton.....	X	X	136,600	25,000	18.0	Do.
York.....			103,500	9,000	8.7	Do.
Smaller areas:						
Berwick-Bloomsburg.....	X	X	21,650	2,700	12.5	November 1958.
Butler.....			34,950	4,600	13.2	September 1958.
Clearfield-Du Bois.....	X	X	36,900	5,000	13.6	Do.
Lewistown.....	X		22,000	2,500	11.4	November 1958.
Lock Haven.....	X	X	15,500	1,800	11.6	Do.
New Castle.....	X		37,300	5,600	15.0	September 1958.
Oil City-Franklin-Titusville.....			30,000	3,200	10.7	Do.

See footnotes at end of table.

*Labor force and unemployment in areas of substantial labor surplus*¹—major and smaller areas—Continued

State and area	Areas probably eligible for assistance under 2—		Estimated labor force	Unemployment		Date of information on labor force and unemployment
	S. 722	S. 1064		Number	Percent of labor force	
Pennsylvania—Continued						
Smaller areas—Con.						
Pottsville.....	X	X	78,300	12,400	15.8	November 1958.
Sayre-Athens-Towanda.....			20,700	2,000	9.7	September 1958.
Sunbury-Sbamokin-Mt. Carmel.....	X	X	64,750	6,650	10.3	Do.
Uniontown-Connellsville.....	X	X	47,700	11,300	23.7	November 1958.
Williamsport.....	X		42,950	5,550	12.9	July 1958.
Puerto Rico, major areas:						
Mayaguez.....			32,300	4,300	13.2	January 1959.
Ponce.....			38,800	4,900	13.0	Do.
San Juan.....			177,000	18,100	9.8	Do.
Rhode Island:						
Major area: Providence.....	X	X	338,700	43,200	12.4	Do.
Smaller area: Newport.....			16,140	1,000	6.2	September 1958.
Tennessee:						
Major areas:						
Chattanooga.....			117,750	8,450	7.3	January 1959.
Knoxville.....	X		143,550	11,500	8.1	Do.
Memphis.....			242,500	15,700	6.7	Do.
Smaller areas:						
Bristol-Johnson City-Kingsport.....			97,367	6,547	6.7	September 1958.
La Follette-Jellico-Tazewell.....	X	X	16,350	2,250	13.8	October 1958.
Texas:						
Major areas:						
Beaumont-Port Arthur.....			97,336	11,050	10.8	January 1959.
Corpus Christi.....			74,773	5,840	7.6	Do.
Smaller areas:						
Laredo.....			22,192	1,940	8.7	September 1958.
Texarkana.....	X	X	39,709	2,875	7.2	November 1958.
Vermont, smaller areas:						
Burlington.....			26,100	1,400	5.4	December 1958.
Springfield.....			13,750	850	6.2	November 1958.
Virginia:						
Major area: Roanoke.....			66,775	6,800	10.2	January 1959.
Smaller area:						
Big Stone Gap-Appalachia.....	X	X	19,675	2,300	11.7	October 1958.
Radford-Pulaski.....	X	X	44,550	4,350	9.8	July 1958.
Richlands-Bluefield.....			33,800	2,300	6.8	November 1958.
Washington:						
Major area:						
Spokane.....			99,000	10,700	10.9	January 1959.
Tacoma.....			96,200	8,500	9.0	Do.
Smaller areas:						
Aberdeen.....	X		26,880	2,600	9.7	August 1958.
Anacortes.....	X	X	22,050	2,480	11.2	Do.
Bellingham.....	X		28,350	2,180	7.7	Do.
Bremerton.....			28,280	1,990	7.0	September 1958.
Everett.....	X		42,260	3,670	8.7	August 1958.
Olympia.....	X		39,880	3,640	9.1	Do.
Port Angeles.....	X	X	14,550	1,430	9.8	Do.
West Virginia:						
Major areas:						
Charleston.....	X	X	112,500	13,200	11.5	January 1959.
Huntington-Ashland.....	X		91,600	13,350	14.5	Do.
Wheeling-Steubenville.....			142,750	18,450	12.9	Do.
Smaller areas:						
Beckley.....	X	X	24,360	6,000	25.6	August 1958.
Bluefield.....	X		23,110	4,220	18.3	December 1958.
Clarksburg.....	X		27,300	4,050	14.8	October 1958.
Fairmont.....	X	X	25,200	3,950	15.7	Do.
Logan.....	X	X	22,150	5,040	22.8	August 1958.
Martinsburg.....			19,750	1,250	6.3	October 1958.
Morgantown.....	X		19,800	3,550	17.9	Do.
Parkersburg.....			39,780	3,330	8.4	December 1958.
Point Pleasant-Gallipolis.....	X	X	36,620	4,800	13.1	August 1958.
Roneeverte-White Sulphur Springs.....	X	X	16,600	2,020	12.2	Do.
Welch.....	X	X	22,600	5,020	22.2	December 1958.

See footnotes at end of table.

Labor force and unemployment in areas of substantial labor surplus¹—major and smaller areas—Continued

State and area	Areas probably eligible for assistance under ² —		Estimated labor force	Unemployment		Date of information on labor force and unemployment
	S. 722	S. 1064		Number	Percent of labor force	
Wisconsin:						
Major area: Racine.....	-----	-----	53, 150	3, 185	6.0	January 1959.
Smaller areas:						
Beloit.....	-----	-----	18, 780	2, 135	11.4	July 1958.
Eau Claire-Chippewa.....	-----	-----	38, 585	2, 640	6.8	December 1958.
La Crosse.....	-----	-----	30, 600	2, 845	9.3	July 1958.
Oshkosh.....	-----	-----	23, 755	1, 905	8.0	Do.
Watertown.....	-----	-----	18, 300	1, 145	6.3	January 1959.

¹ Areas classified as areas of "Substantial labor surplus" in January 1959.

² This listing is preliminary and tentative, and is based largely on bimonthly or semiannual data compiled from area labor market reports prepared in connection with the Bureau of Employment Security's program for the classification of areas according to relative adequacy of labor supply. Data used cover a 2- to 5-year period extending through the closing months of 1958; early 1959 data, now becoming available for some areas could result in several changes in the above listing. A more comprehensive review of area data on a monthly—rather than bimonthly or semiannual—basis, and in the light of whatever criteria may be included in the bill finally enacted, would be required to determine which areas are eligible for assistance as areas with substantial and persistent unemployment.

³ Borderline.

NOTE.—Major areas are areas included in the Bureau of Employment Security's regular area labor market reporting and classification program. This program covers 149 of the country's leading employment centers. Unemployment and labor force data for these areas are generally available on bimonthly basis.

Smaller areas: Areas with a labor force of 15,000 or more which are officially classified as "areas of substantial labor surplus" by the Bureau of Employment Security. Data for such areas are generally available on a semiannual basis. Information for smaller areas which are not classified, or for areas with a labor force of less than 15,000, is not available in Washington on a consistent basis.

Source: U.S. Department of Labor, Bureau of Employment Security, Office of Program Review and Analysis, Washington, D.C., Mar. 10, 1959.

INDIVIDUAL VIEWS OF MR. BENNETT AND MR. BUSH

We endorse the views expressed by our colleagues in the minority, but desire to state more fully our opinions with respect to the runaway shop or antipirating problem.

As described in the minority views, the authors of S. 722 recognize that the problem exists, but fail to meet it squarely.

On the contrary, they have used vague and slippery language in the bill which is intended to give comfort both to those who would enthusiastically welcome Federal funds for relocating industry from one area to another, and to those who oppose the use of Federal funds for that purpose.

To our minds, the use of Federal funds to help some areas attract industries and jobs from other areas is unconscionable and must be prohibited without any qualifications.

If such a prohibition is not written into S. 722, the people of industrial States may be forced to underwrite with their Federal tax dollars the export of jobs to competing areas.

The bill must be confined to the purpose stated in President Eisenhower's "Economic Report" to the 86th Congress, namely, "to create new job opportunities instead of merely transferring jobs from one locality to another."

The same thought is expressed in the policy declaration of the administration bill, S. 1064, as follows: "new employment opportunities should be created rather than merely transferred from one community to another."

Regrettably, the draftsmen of S. 1064 failed, in another section of the bill, to carry out the President's thought. Instead, they fell into the same "substantial detriment" trap contained in the Douglas bill.

To bring this issue squarely before the Senate, we intend to propose amendments to S. 722, as follows:

On page 2, line 19, strike out all after the word, "created" through line 22 and substitute the following: "rather than merely transferred from one community to another."

On page 9, line 22, insert a period after the word "another" and strike out "when such assistance will result in substantial detriment to the area of original location by increasing unemployment."

These amendments will draw a clean-cut issue between Senators who wish Federal funds used to assist the relocation of industries and jobs from one area to another, and those who believe, as we do, that such intervention of the Federal Government in competition for industries and jobs among States and communities violates basic principles of the Federal system and is highly improper, unfair and indeed unconscionable.

WALLACE F. BENNETT.
PRESCOTT BUSH.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

HOUSING ACT OF 1949

TITLE I—SLUM CLEARANCE AND COMMUNITY DEVELOPMENT
AND REDEVELOPMENT

* * * * *

DEFINITIONS

SEC. 110. (a) * * *

* * * * *

(c) "Urban renewal project" or "project" may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Such undertakings and activities may include—

(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: Provided, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of an open land project;

(2) demolition and removal of buildings and improvements;

(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

(4) disposition of any property acquired in the urban renewal area (including sale, initial leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan;

(5) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; and

(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities.

For the purposes of this title, the term "project" shall not include the construction or improvement of any building, and the term "redevelopment" and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

Financial assistance shall not be extended under this title with respect to any urban renewal area which is not clearly predominantly residential in character unless such area will be a predominantly residential area under the urban renewal plan therefor: Provided, That, where such an area which is not clearly predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality involved and such area is not appropriate for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects (*including projects assisted under section 112 of this title*) shall not exceed 10 per centum of the total amount of capital grants authorized by this title.

In addition to all other powers hereunder vested, where land within the purview of clause (1) (ii) or (1) (iii) of the first paragraph of this subsection (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: Provided, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title.

* * * * *

INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

SEC. 112. (a) When the Area Redevelopment Administrator certifies to the Administrator (1) that any county, city or other municipality (in this section referred to as a "municipality") is situated in an area designated under section 5 (a) of the Area Redevelopment Act as an industrial redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economic development, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section

110 (c) that the project area be clearly predominantly residential in character or that it be redeveloped for predominantly residential uses; but no such assistance shall be provided in any area if such Administrator determines that it will assist in relocating business operations from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

(d) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: Provided, That any disposition of such land under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: And provided further, That the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed under section 105 (b).

(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section for the completion of such project, notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an industrial redevelopment area under the Area Redevelopment Act.

* * * * *

HOUSING ACT OF 1954

* * * * *

TITLE VII—URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS

URBAN PLANNING

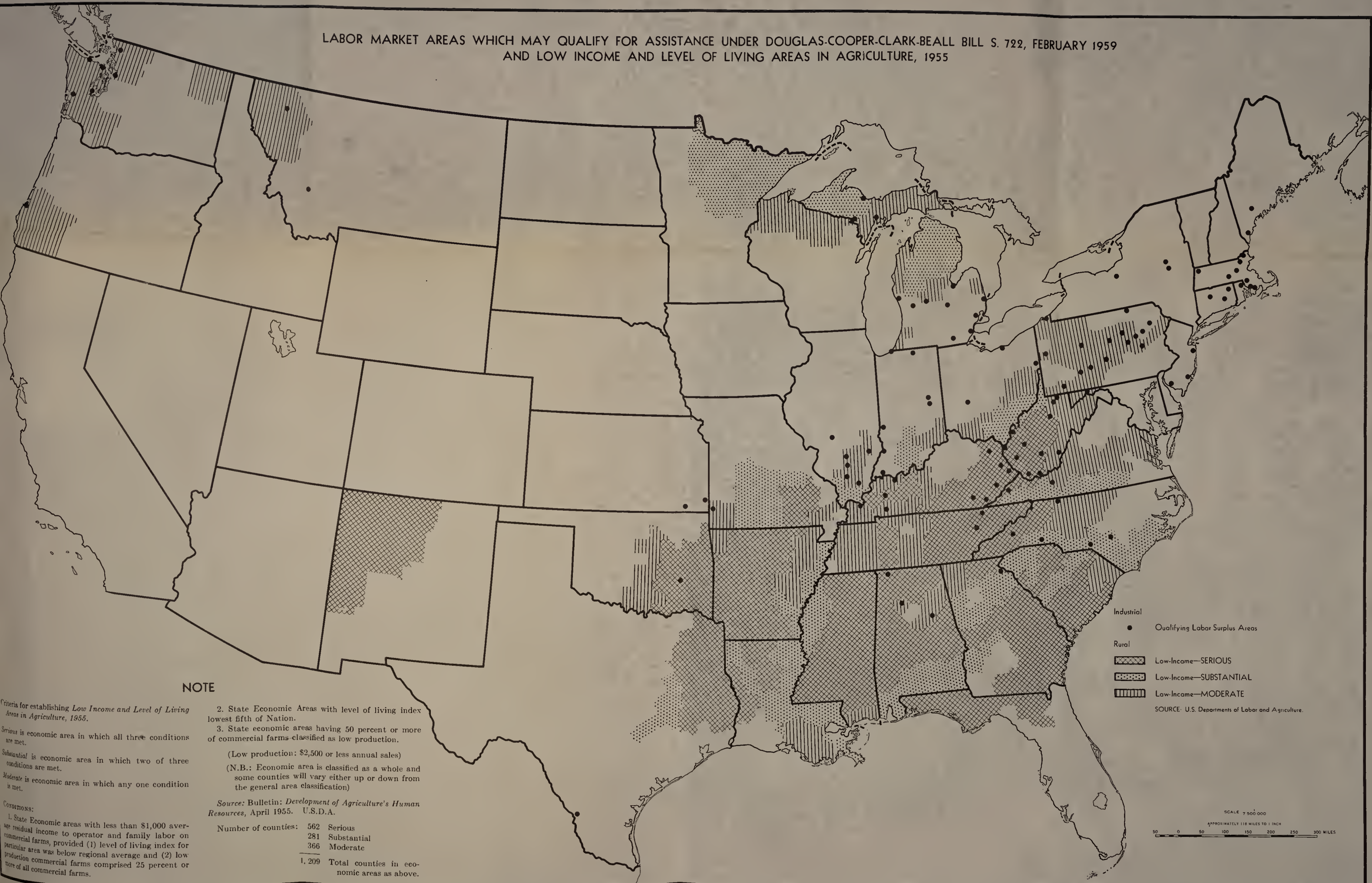
Sec. 701. To facilitate urban planning for smaller communities lacking adequate planning resources, the Administrator is authorized to make planning grants to State planning agencies for the provision of planning assistance (including surveys, land use studies, urban renewal plans, technical services and other planning work, but excluding plans for specific public works) to cities and other municipalities having a population of less than 25,000 according to the latest decennial census. The Administrator is further authorized to make planning grants for similar planning work (1) in metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning; (2) to cities, other municipalities, and counties having a population of twenty-five thousand or more according to the latest decennial census which (i) are situated in areas designated by the Area Redevelopment Administrator under section 5 (a) of the Area Redevelopment Act:

as *industrial redevelopment areas*, or (ii) have suffered substantial damage as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster; (3) to official governmental planning agencies for areas threatened with rapid urbanization as a result of the establishment or rapid and substantial expansion of a Federal installation; and (4) to State planning agencies, to be used for the provision of planning assistance to the cities, other municipalities, and counties referred to in clause (2) hereof and to the areas referred to in clause (3) hereof. Any grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made and shall be subject to terms and conditions prescribed by the Administrator to carry out this section. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding \$10,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

* * * * *



LABOR MARKET AREAS WHICH MAY QUALIFY FOR ASSISTANCE UNDER DOUGLAS-COOPER-CLARK-BEALL BILL S. 722, FEBRUARY 1959 AND LOW INCOME AND LEVEL OF LIVING AREAS IN AGRICULTURE, 1955



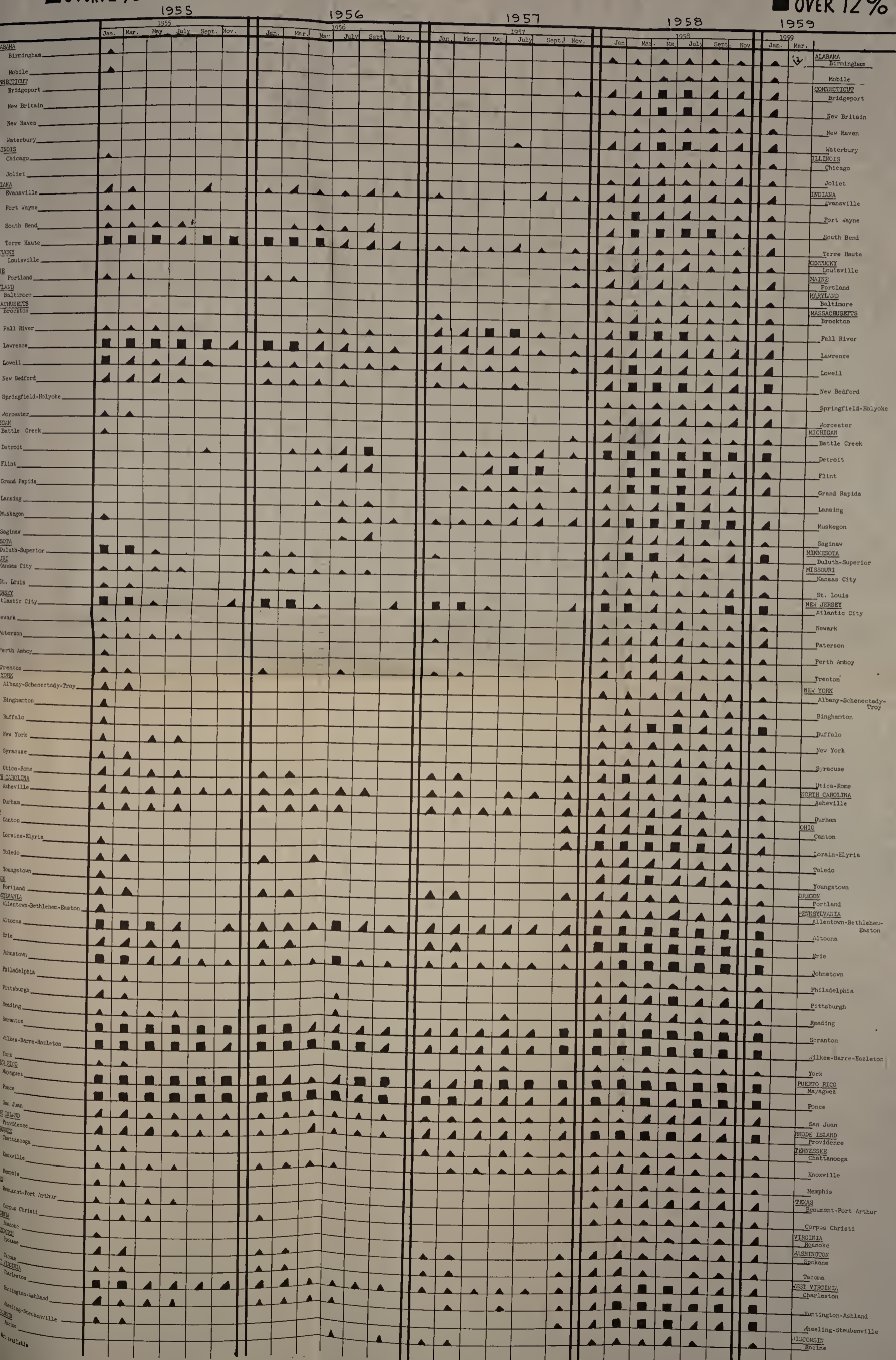


MAJOR AREAS OF SUBSTANTIAL UNEMPLOYMENT

KEY: ▲ 6-9%
 ▲ 9-12%
 ■ OVER 12%

PERCENTAGE AND DURATION

KEY: ▲ 6-9%
 ▲ 9-12%
 ■ OVER 12%



86TH CONGRESS
1ST SESSION

Calendar No. 99

S. 722

[Report No. 110]

IN THE SENATE OF THE UNITED STATES

JANUARY 27, 1959

Mr. DOUGLAS (for himself, Mr. COOPER, Mr. CLARK, Mr. BEALL, Mr. JACKSON, Mr. ENGLE, Mr. GREEN, Mr. HUMPHREY, Mr. NEUBERGER, Mr. LANGER, Mr. HART, Mr. KENNEDY, Mr. SYMINGTON, Mr. ANDERSON, Mr. PASTORE, Mr. BARTLETT, Mr. CHURCH, Mr. JAVITS, Mr. CHAVEZ, Mr. MCGEE, Mr. CASE of New Jersey, Mr. MCCARTHY, Mr. MANSFIELD, Mr. MORSE, Mr. GRUENING, Mr. RANDOLPH, Mr. BYRD of West Virginia, Mr. HENNINGS, Mr. DODD, Mr. YARBOROUGH, Mr. MONRONEY, Mr. MURRAY, Mr. MAGNUSON, Mr. HARTKE, Mr. CARROLL, Mr. KEFAUVER, Mr. YOUNG of Ohio, Mr. McNAMARA, and Mr. MUSKIE) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

MARCH 18, 1959

Reported by Mr. DOUGLAS, with amendments

[Omit the part struck through and insert the part printed in italic]

A BILL

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act *may* be cited as the "Area Redevelopment
4 Act".

DECLARATION OF PURPOSE

2 SEC. 2. The Congress declares that the maintenance of
3 the national economy at a high level is vital to the best in-
4 terests of the United States, but that some of our communi-
5 ties are suffering substantial and persistent unemployment
6 and underemployment; that such unemployment and under-
7 employment cause hardship to many individuals and their
8 families and detract from the national welfare by wasting
9 vital human resources; that to overcome this problem the
10 Federal Government, in cooperation with the States, should
11 help areas of substantial and persistent unemployment and
12 underemployment to take effective steps in planning and
13 financing their economic redevelopment; that Federal as-
14 sistance to communities, industries, enterprises, and indi-
15 viduals in areas needing redevelopment should enable such
16 areas to achieve lasting improvement and enhance the do-
17 mestic prosperity by the establishment of stable and diver-
18 sified local economies; and that under the provisions of this
19 Act new employment opportunities should be created by
20 developing and expanding new and existing facilities and
21 resources without substantially reducing employment in other
22 areas of the United States.

AREA REDEVELOPMENT ADMINISTRATION

24 SEC. 3. In order to carry out the purposes of this Act,
25 there is hereby established, within the executive branch of

1 the Government, an Area Redevelopment Administration.
2 Such Administration shall be under the direction and control
3 of an Administrator (hereinafter referred to as the "Admin-
4 istrator") who shall be appointed by the President, by and
5 with the advice and consent of the Senate, and shall be
6 compensated at the rate of \$20,000 per annum.

7 ADVISORY BOARD

8 SEC. 4. (a) To advise the Administrator in the per-
9 formance of functions authorized by this Act, there is author-
10 ized to be created an Area Redevelopment Advisory Board
11 (hereinafter referred to as the "Board"), which shall con-
12 sist of the following members, all ex officio: the Administra-
13 tor as Chairman; the Secretaries of Agriculture; Commerce;
14 Defense; Health, Education, and Welfare; Interior; Labor;
15 and Treasury; the Administrators of the General Services
16 Administration; Housing and Home Finance Agency; and
17 Small Business Administration; and the Director of the
18 Office of Defense Mobilization.

19 The Chairman may from time to time invite the partici-
20 pation of officials of other agencies of the executive branch
21 interested in the functions herein authorized. Each member
22 of the Board may designate an officer of his agency to act
23 for him as a member of the Board with respect to any
24 matter there considered.

25 (b) The Administrator shall appoint a National Public

1 Advisory Committee on Area Redevelopment which shall
2 consist of twenty-five members and shall be composed of
3 representatives of labor, management, agriculture, and the
4 public in general. From the members appointed to such
5 Committee the Administrator shall designate a Chairman.
6 Such Committee, or any duly established subcommittee
7 thereof, shall from time to time make recommendations to
8 the Administrator relative to the carrying out of his duties
9 under this Act. Such Committee shall hold not less than
10 two meetings during each calendar year.

11 (c) The Administrator is authorized from time to time
12 to call together and confer with representatives of the vari-
13 ous parties in interest from any industry, including agricul-
14 ture, which has been a primary source of high levels of
15 unemployment or underemployment in the several areas
16 designated by the Administrator as redevelopment areas.
17 The Administrator may also call upon representatives of
18 interested governmental departments and agencies, together
19 with representatives of transportation and other industries, to
20 participate in any conference convened under authority of
21 this subsection whenever he determines that such participa-
22 tion would contribute to a solution of the problems creating
23 such unemployment or underemployment. The representa-
24 tives at any such conference shall consider with and may
25 recommend to the Administrator plans and programs to

1 further the objectives of this Act with special reference to
2 the industry with respect to which the conference was
3 convened.

4 REDEVELOPMENT AREAS

5 SEC. 5. (a) The Administrator shall designate as "in-
6 dustrial redevelopment areas" those industrial areas within
7 the United States in which he determines that there has
8 existed substantial and persistent unemployment for an ex-
9 tended period of time. There shall be included among the
10 areas so designated any industrial area in which there has
11 existed unemployment of not less than ~~(1)~~ 12 per centum
12 of the labor force during the twelve-month period imme-
13 diately preceding the date on which an application for
14 assistance is made under this Act, ~~(2)~~ 9 per centum of the
15 labor force during at least fifteen months of the eighteen-
16 month period immediately preceding such date, or ~~(3)~~ 6 per
17 centum of the labor force during at least eighteen months of
18 the twenty-four-month period immediately preceding such
19 date. Any industrial area in which there has existed un-
20 employment of not less than 15 per centum of the labor
21 force during the six-month period immediately preceding
22 the date on which application for assistance is made under
23 this Act may be designated as an industrial redevelopment
24 area if the Administrator determines that the principal causes
25 of such unemployment are not temporary in nature. *There*

1 shall be included among the areas so designated any indus-
2 trial area—

3 (1) where the rate of unemployment, excluding un-
4 employment due primarily to temporary or seasonal
5 factors, is currently 6 per centum or more and has
6 averaged at least 6 per centum for the qualifying time
7 periods specified in subparagraph (2) below; and

8 (2) where the annual average rate of unemployment
9 has been at least—

10 (A) 50 per centum above the national average
11 for three of the preceding four calendar years, or

12 (B) 75 per centum above the national average
13 for two of the preceding three calendar years, or

14 (C) 100 per centum above the national average
15 for one of the preceding two years.

16 Any industrial area in which a substantial part of the em-
17 ployment is or most recently was in an industry adversely
18 affected by the reduction of trade barriers under the Trade
19 Agreements Extension Act of 1951, as amended, with
20 respect to which the President has reported to the
21 Administrator under subsection (f) of this section, and
22 meeting the standards of unemployment set forth in this sec-
23 tion shall be entitled on application to a priority of consider-
24 ation by the Administrator for designation as an industrial
25 redevelopment area.

1 (b) The Administrator shall also designate as “rural
2 redevelopment areas” those rural areas within the United
3 States ~~in which he determines that there exist the largest~~
4 ~~number and percentage of low-income families, and which~~
5 *he determines are among the highest in numbers and per-*
6 *centages of low-income families, and in which there exists*
7 a condition of substantial and persistent unemployment or
8 underemployment. In making the designations under this
9 subsection, the Administrator shall consider, among other
10 relevant factors, the number of low-income farm families in
11 the various rural areas of the United States, the proportion
12 that such low-income families are to the total farm families of
13 each of such areas, the relationship of the income levels of
14 the families in each such area to the general levels of income
15 in the United States, the current and prospective employ-
16 ment opportunities in each such area, ~~and~~ the availability
17 of manpower in each such area for supplemental employ-
18 ment, *and the proportion of the population of each such area*
19 *which has been receiving public assistance from the State or*
20 *States in which such area is located or from any municipality*
21 *therein.*

22 (c) In making the determinations provided for in this
23 section, the Administrator shall be guided, but not conclu-
24 sively governed, by pertinent studies made, and information
25 and data collected or compiled, by (1) departments, agen-

1 cies, and instrumentalities of the Federal Government, (2)
2 State and local governments, (3) universities and land-grant
3 colleges, and (4) private organizations.

4 (d) Upon the request of the Administrator, the Secre-
5 tary of Labor, the Secretary of Agriculture, and the
6 Secretary of Commerce are respectively authorized to
7 conduct such special studies, obtain such information, and
8 compile and furnish to the Administrator such data as the
9 Administrator may deem necessary or proper to enable him
10 to make the determinations provided for in this section. The
11 Administrator shall reimburse, out of any funds appropriated
12 to carry out the purposes of this Act, the foregoing officers
13 for any expenditures incurred by them under this section.

14 (e) As used in this Act, the term "redevelopment area"
15 refers to any area within the United States which has been
16 designated by the Administrator as an industrial redevel-
17 opment area or a rural redevelopment area, and may include
18 one or more counties, or one or more municipalities, or a
19 part of a county or municipality.

20 (f) *In any case in which the President is required (1)*
21 *under the provisions of subsection 4(a) of the Trade Agree-*
22 *ments Extension Act of 1951 to transmit a message to the Con-*
23 *gress identifying an article with respect to which a trade*
24 *agreement has caused or threatened to cause serious injury*
25 *to a domestic industry, or (2) under the provisions of subsec-*

tion 7(c) of such Act to submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate stating why he has not made such adjustments in the rates of duties, imposed such quotas, or made such other modifications, as are found and reported by the United States Tariff Commission to be necessary to prevent or remedy serious injury to a domestic industry, he shall notify the Administrator and shall send him a copy of such message or report.

LOANS AND PARTICIPATIONS

SEC. 6. (a) The Administrator is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including machinery and equipment) for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied factory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use. Such financial assistance shall not be extended for working capital, or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

1 (b) Financial assistance under this section shall be on
2 such terms and conditions as the Administrator determines,
3 subject, however, to the following restrictions and limi-
4 tations:

5 (1) The total amount of loans and loan participations
6 (including purchased evidences of indebtedness) outstanding
7 at any one time under this section (A) with respect to
8 projects in industrial redevelopment areas shall not exceed
9 \$100,000,000, and (B) with respect to projects in rural
10 redevelopment areas shall not exceed \$100,000,000;

11 (2) Except as provided in subsection (c), such assist-
12 ance shall be extended only to applicants, both private and
13 public (including Indian tribes), which have been approved
14 for such assistance by an agency or instrumentality of the
15 State or political subdivision thereof in which the project to
16 be financed is located, and which agency or instrumentality
17 is directly concerned with problems of economic develop-
18 ment in such State or subdivision;

19 (3) The project for which financial assistance is sought
20 is reasonably calculated to provide more than a temporary
21 alleviation of unemployment or underemployment within the
22 redevelopment area wherein it is, or will be, located;

23 (4) No such assistance shall be extended hereunder
24 unless the financial assistance applied for is not otherwise

1 available from private lenders or other Federal agencies on
2 reasonable terms;

3 (5) No loans shall be made unless it is determined that
4 an immediate participation is not available;

5 (6) No evidences of indebtedness shall be purchased
6 and no loans shall be made unless it is determined that there
7 is a reasonable assurance of repayment;

8 (7) Subject to section 12 (5) of this Act, no loan,
9 including renewals or extension thereof, may be made
10 hereunder for a period exceeding thirty years and no
11 evidences of indebtedness maturing more than thirty
12 years from date of purchase may be purchased hereunder:
13 *Provided*, That the foregoing restrictions on maturities
14 shall not apply to securities or obligations received by the
15 Administrator as a claimant in bankruptcy or equitable re-
16 organization or as a creditor in other proceedings attendant
17 upon insolvency of the obligor, or if extension or renewal
18 for additional periods, not to exceed, however, a total of ten
19 years, will aid in the orderly liquidation of such loan or of
20 such evidence of indebtedness;

21 (8) Such loans shall bear interest at a rate equal to the
22 rate of interest paid by the Administrator on funds obtained
23 from the Secretary of the Treasury as provided in section 9
24 of this Act, plus one-half of 1 per centum per annum: *Pro-*

1 *vided*, That an amount equal to one-fourth of 1 per centum
2 per annum of the outstanding principal amount of any loan
3 made under this section shall be allocated from the pay-
4 ments received by the Administrator in the form of interest
5 on such loan to a sinking fund to cover losses on loans under
6 this section;

7 (9) Such assistance shall not exceed 65 per centum of
8 the aggregate cost to the applicant (excluding all other Fed-
9 eral aid in connection with the undertaking) of acquiring or
10 developing land and facilities (including machinery and
11 equipment), and of constructing, altering, converting, re-
12 habilitating, or enlarging the building or buildings of the
13 particular project and shall, among others, be on the
14 following conditions:

15 (A) That other funds are available in an amount which,
16 together with the assistance provided hereunder, shall be
17 sufficient to pay such aggregate cost;

18 (B) That not less than 10 per centum of such aggregate
19 cost be supplied by the State or any agency, instrumentality,
20 or political subdivision thereof, or by a community or area
21 organization which is nongovernmental in character, as
22 equity capital or as a loan;

23 (C) That in extending financial assistance under this
24 section with respect to an industrial or rural redevelopment
25 area, the Administrator shall require that not less than 5 per

1 centum of the aggregate cost of the project for which such
2 loan is made shall be supplied by nongovernmental sources;

3 (D) That any Federal financial assistance extended
4 under this section in connection with a particular project
5 shall be repayable only after other loans made in connection
6 with such project and in accordance with this section have
7 been repaid in full. If any Federal financial assistance
8 extended under this section is secured, its security shall be
9 subordinate and inferior to the lien or liens securing other
10 loans made in connection with the same project.

11 (10) No such assistance shall be extended unless there
12 shall be submitted to and approved by the Administrator an
13 overall program for the economic development of the area
14 and a finding by the State, or any agency, instrumentality,
15 or local political subdivision thereof, that the project for
16 which financial assistance is sought is consistent with such
17 program: *Provided*, That nothing in this Act shall authorize
18 financial assistance for any project prohibited by laws of
19 the State or local political subdivision in which the project
20 would be located.

21 (c) If there is no agency or instrumentality in any
22 State, or political subdivision thereof, qualified to approve
23 applicants for assistance under this section as provided in
24 paragraph (2) of subsection (b), the Administrator shall,
25 upon determining that any area in such State is a redevelop-

1 ment area, appoint a local redevelopment committee (here-
2 inafter referred to as a "local committee") to be composed
3 of not less than seven residents of such area who, as nearly
4 as possible, are representative of labor, commercial, indus-
5 trial, and agricultural groups, and of the residents generally
6 of such area. In appointing any such local committee, the
7 Administrator may include therein members of any existing
8 local redevelopment committees. Financial assistance under
9 this section in connection with projects located in a rede-
10 velopment area, for which a local committee has been ap-
11 pointed under this section, shall be extended only to appli-
12 cants, both private and public (including Indian tribes),
13 which have been approved by such local committee.

14 (d) Of the funds authorized to be raised under section 9
15 of this Act, not more than \$100,000,000 shall be deposited
16 in a revolving fund which shall be used for the purpose of
17 making loans under this section with respect to projects in
18 industrial redevelopment areas, and not more than \$100,000,-
19 000 shall be deposited in a revolving fund which shall be
20 used for the purpose of making loans under this section with
21 respect to projects in rural redevelopment areas.

22 LOANS FOR PUBLIC FACILITIES

23 SEC. 7. (a) Upon the application of any State, or polit-
24 ical subdivision thereof, Indian tribe, or private or public
25 organization or association representing any redevelopment

1 area or part thereof, the Administrator is authorized to make
2 loans to assist in financing the purchase or development of
3 land for public facility usage, and the construction, rehabili-
4 tation, alteration, expansion, or improvement of public facili-
5 ties within any redevelopment area, if he finds that—

6 (1) the project for which financial assistance is
7 sought will provide more than a temporary alleviation
8 of unemployment or underemployment in the redevel-
9 opment area wherein such project is, or will be, located,
10 and will tend to improve the opportunities in such area
11 for the successful establishment or expansion of indus-
12 trial or commercial plants or facilities;

13 (2) the funds requested for such project are not
14 otherwise available on reasonable terms;

15 (3) the amount of the loan plus the amount of other
16 available funds for such projects are adequate to insure
17 the completion thereof; and

18 (4) there is a reasonable expectation of repayment.

19 (b) No loan under this section shall be for an amount
20 in excess of 65 per centum of the aggregate cost of the proj-
21 ect for which such loan is made. Subject to section 12 (5),
22 the maturity date of any such loan shall be not later than
23 forty years after the date such loan is made. Any such loan
24 shall bear interest at a rate equal to the rate of interest paid
25 by the Administrator on funds obtained from the Secretary

1 of the Treasury as provided in section 9 of this Act, plus
2 one-quarter of 1 per centum per annum.

3 (c) In making any loan under this section, the Ad-
4 ministrator shall require that not less than 10 per centum of
5 the aggregate cost of the project for which such loan is made
6 shall be supplied by the State (including any political sub-
7 division thereof) within which such project is to be located
8 as equity capital, or as a loan. In determining the amount
9 of participation required under this subsection with respect
10 to any particular project, the Administrator shall give con-
11 sideration to the financial condition of the State or local
12 government, and to the per capita income of the residents
13 of the redevelopment area, within which such project is to
14 be located.

15 (d) Any loan made under this section in connection
16 with a particular project shall be repayable only after other
17 loans made in connection with such project and in accord-
18 ance with this section have been repaid in full. If any loan
19 made under this section is secured, its security shall be
20 subordinate and inferior to the lien or liens securing other
21 loans made in connection with the same project.

22 (e) *No financial assistance shall be extended under this*
23 *section with respect to any public facility which would com-*
24 *pete with an existing privately owned public utility rendering*

1 a service to the public at rates or charges subject to regula-
 2 tion by a State regulatory body, unless the State regulatory
 3 body determines that in the area to be served by the public
 4 facility for which the financial assistance is to be extended
 5 there is a need for an increase in such service (taking into
 6 consideration reasonably foreseeable future needs) which the
 7 existing public utility is not able to meet through its existing
 8 facilities or through an expansion which it is prepared to
 9 undertake.

10 ~~(e)~~ (f) Of the funds authorized to be raised under sec-
 11 tion 9 of this Act, not more than \$100,000,000 shall be
 12 deposited in a revolving fund which shall be used for the
 13 purpose of making loans under this section.

14 GRANTS FOR PUBLIC FACILITIES

15 SEC. 8. (a) The Administrator may conduct studies of
 16 needs in the various redevelopment areas throughout the
 17 United States for, and the probable cost of, land acquisition
 18 or development for public facility usage, and the construction,
 19 rehabilitation, alteration, expansion, or improvement of use-
 20 ful public facilities within such areas, and may receive pro-
 21 posals from any State, or political subdivision thereof, In-
 22 dian tribe, or private or public organization or association
 23 representing any redevelopment area, or part thereof, relating

1 to land acquisition or development for public facility usage,
2 and the construction, rehabilitation, alteration, expansion,
3 or improvement of public facilities within any such area.

4 Any such proposal shall contain plans showing the project
5 proposed to be undertaken, the cost thereof, and the con-
6 tributions proposed to be made to such cost by the entity
7 making the proposal. The Administrator, in consultation
8 with such entity, is authorized to modify all or any part of
9 such proposal.

10 (b) The Administrator, pursuant to a proposal received
11 by him under this section, may make grants to any State, or
12 political subdivision thereof. Indian tribe, or private or public
13 organization or association representing any redevelopment
14 area, or part thereof, for land acquisition or development for
15 public facility usage, and the construction, rehabilitation,
16 alteration, expansion, or improvement of public facilities
17 within a redevelopment area, if he finds that—

18 (1) the project for which financial assistance is
19 sought will provide more than a temporary alleviation
20 of unemployment or underemployment in the redevel-
21 opment area wherein such project is, or will be, located,
22 and will tend to improve the opportunities in such area
23 for the successful establishment or expansion of industrial
24 or commercial plants or facilities;

25 (2) the entity requesting the grant proposes to

1 contribute to the cost of the project for which such grant
2 is requested in proportion to its ability so to contribute;
3 and

4 (3) the project for which a grant is requested will
5 fulfill a pressing need of the area, or part thereof, in
6 which it is, or will be, located, and there is little proba-
7 bility that such project can be undertaken without the
8 assistance of a grant under this section.

9 The amount of any grant under this section for any such
10 project shall not exceed the difference between the funds
11 which can be practicably obtained from other sources (in-
12 cluding a loan under section 7 of this Act) for such project,
13 and the amount which is necessary to insure the completion
14 thereof.

15 (c) The Administrator shall by regulation provide for
16 the supervision of carrying out of projects with respect to
17 which grants are made under this section so as to insure that
18 Federal funds are not wasted or dissipated.

19 (d) No financial assistance shall be extended under
20 this section with respect to any public facility which would
21 compete with an existing privately owned public utility
22 rendering a service to the public at rates or charges subject
23 to regulation by a State regulatory body, unless the State
24 regulatory body determines that in the area to be served
25 by the public facility for which the financial assistance is to

1 *be extended there is a need for an increase in such service*
 2 *(taking into consideration reasonably foreseeable future*
 3 *needs) which the existing public utility is not able to meet*
 4 *through its existing facilities or through an expansion which*
 5 *it is prepared to undertake.*

6 ~~(d)~~ (e) There is hereby authorized to be appropriated
 7 not to exceed \$75,000,000 for the purpose of making grants
 8 under this section.

9 FUNDS FOR LOANS

10 SEC. 9. To obtain funds for loans under this Act, the
 11 Administrator may, with the approval of the President, issue
 12 and have outstanding at any one time notes and obligations
 13 for purchase by the Secretary of the Treasury in an amount
 14 not to exceed \$300,000,000. Such notes or other obliga-
 15 tions shall be in such forms and denominations, have such
 16 maturities, and be subject to such terms and conditions as
 17 may be prescribed by the Administrator with the approval of
 18 the Secretary of the Treasury, and shall bear interest at a
 19 rate determined by the Secretary of the Treasury, but such
 20 rate shall not be greater than the current average yields on
 21 outstanding marketable obligations of the United States of
 22 comparable maturities as of the last day of the month pre-
 23 ceding the issuance of such notes or other obligations. The
 24 Secretary of the Treasury is authorized and directed to pur-
 25 chase any notes and other obligations issued under this sec-

tion and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated in every respect as public debt transactions of the United States.

INFORMATION

SEC. 10. The Administrator shall aid redevelopment areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating conditions of excessive unemployment or underemployment within such areas. The Administrator shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms

1 which are located in redevelopment areas and which are
2 desirous of obtaining Government contracts for the furnish-
3 ing of supplies or services, and designating the supplies and
4 services such firms are engaged in providing.

5 TECHNICAL ASSISTANCE

6 SEC. 11. In carrying out his duties under this Act, the
7 Administrator is authorized to provide technical assistance to
8 areas which he has designated as redevelopment areas under
9 this Act. Such assistance shall include studies evaluating
10 the needs of, and developing potentialities for, economic
11 growth of such areas. Such assistance may be provided by
12 the Administrator through members of his staff or through
13 the employment of private individuals, partnerships, firms,
14 corporations, or suitable institutions, under contracts en-
15 tered into for such purpose. Appropriations are hereby
16 authorized for the purposes of this section in an amount not
17 to exceed \$4,500,000 annually.

18 POWERS OF ADMINISTRATOR

19 SEC. 12. In performing his duties under this Act, the
20 Administrator is authorized to—

21 (1) adopt, alter, and use a seal, which shall be ju-
22 dicially noticed; and subject to the civil service and
23 classification laws, select, employ, appoint, and fix the
24 compensation of such officers, employees, attorneys, and
25 agents as shall be necessary to carry out the provisions

1 of this Act, and define their authority and duties, pro-
2 vide bonds for them in such amounts as the Adminis-
3 trator shall determine, and pay the costs of qualification
4 of certain of them as notaries public;

5 (2) hold such hearings, sit and act at such times
6 and places, and take such testimony, as he may deem
7 advisable;

8 (3) request directly from any executive depart-
9 ment, bureau, agency, board, commission, office, inde-
10 pendent establishment, or instrumentality information,
11 suggestions, estimates, and statistics needed to carry out
12 the purposes of this Act; and each department, bureau,
13 agency, board, commission, office, establishment, or in-
14 strumentality is authorized to furnish such information,
15 suggestions, estimates, and statistics directly to the Ad-
16 ministrator;

17 (4) under regulations prescribed by him, assign
18 or sell at public or private sale, or otherwise dispose of
19 for cash or credit, in his discretion and upon such terms
20 and conditions and for such consideration as he shall
21 determine to be reasonable, any evidence of debt, con-
22 tract, claim, personal property, or security assigned to
23 or held by him in connection with the payment of loans
24 made under this Act, and collect or compromise all ob-
25 ligations assigned to or held by him in connection with

1 the payment of such loans until such time as such obliga-
2 tions may be referred to the Attorney General for suit
3 or collection;

4 (5) further extend the maturity of or renew any
5 loan made under this Act, beyond the periods stated in
6 such loan or in this Act, for additional periods not to
7 exceed ten years, if such extension or renewal will aid
8 in the orderly liquidation of such loan;

9 (6) deal with, complete, renovate, improve, mod-
10 ernize, insure, rent, or sell for cash or credit, upon such
11 terms and conditions and for such consideration as he
12 shall determine to be reasonable, any real or personal
13 property conveyed to, or otherwise acquired by, him in
14 connection with the payment of loans made under this
15 Act;

16 (7) pursue to final collection, by way of compro-
17 mise or other administrative action, prior to reference to
18 the Attorney General, all claims against third parties
19 assigned to him in connection with loans made under
20 this Act. This shall include authority to obtain de-
21 ficiency judgments or otherwise in the case of mort-
22 gages assigned to the Administrator. Section 3709 of
23 the Revised Statutes, as amended (41 U.S.C. 5),
24 shall not apply to any contract of hazard insurance or
25 to any purchase or contract for services or supplies on

1 account of property obtained by the Administrator as a
2 result of loans made under this Act if the premium there-
3 for or the amount thereof does not exceed \$1,000. The
4 power to convey and to execute, in the name of the
5 Administrator, deeds of conveyance, deeds of release,
6 assignments and satisfactions of mortgages, and any
7 other written instrument relating to real or personal
8 property or any interest therein acquired by the Admin-
9 istrator pursuant to the provisions of this Act may be
10 exercised by the Administrator or by any officer or agent
11 appointed by him for that purpose without the execution
12 of any express delegation of power or power of attorney;

13 (8) acquire, in any lawful manner, any property
14 (real, personal, or mixed, tangible or intangible), when-
15 ever deemed necessary or appropriate to the conduct of
16 the activities authorized in sections 6 and 7 of this Act;

17 (9) in addition to any powers, functions, privileges,
18 and immunities otherwise vested in him, take any and
19 all actions, including the procurement of the services of
20 attorneys by contract, determined by him to be neces-
21 sary or desirable in making, servicing, compromising,
22 modifying, liquidating, or otherwise administratively
23 dealing with or realizing on loans made under this Act;

24 (10) to such an extent as he finds necessary to
25 carry out the provisions of this Act, procure the tem-

1 porary (not in excess of six months) service of experts
2 or consultants or organizations thereof, including steno-
3 graphic reporting services, by contract or appointment,
4 and in such cases such service shall be without regard to
5 the civil service and classifications laws, and, except in
6 the case of stenographic reporting services by organiza-
7 tions, without regard to section 3709 of the Revised
8 Statutes (41 U.S.C. 5) ; any individual so employed
9 may be compensated at a rate not in excess of \$75 per
10 diem, and, while such individual is away from his home
11 or regular place of business, he may be allowed trans-
12 portation and not to exceed \$15 per diem in lieu of
13 subsistence and other expenses; and

14 (11) establish such rules, regulations, and proce-
15 dures as he may deem appropriate in carrying out the
16 provisions of this Act.

17 TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

18 SEC. 13. Whenever the Administrator shall determine
19 that employment conditions within any area previously desig-
20 nated by him as a redevelopment area have changed to such
21 an extent that such area is no longer eligible for such desig-
22 nation under section 5 of this Act, no further assistance shall
23 be granted under this Act with respect to such area and,
24 for the purposes of this Act, such area shall not be considered
25 a redevelopment area: *Provided*, That nothing contained

1 herein shall (1) prevent any such area from again being
2 designated a redevelopment area under section 5 of this Act
3 if the Administrator determines it to be eligible under such
4 section, or (2) affect the validity of any contracts or under-
5 takings with respect to such area which were entered into
6 pursuant to this Act prior to a determination by the Admin-
7 istrator that such area no longer qualifies as a redevel-
8 opment area. The Administrator shall keep the departments
9 and agencies of the Federal Government, and interested
10 State or local agencies, advised at all times of any changes
11 made hereunder with respect to the designation of any area.

12 URBAN RENEWAL

13 SEC. 14. (a) Title I of the Housing Act of 1949, as
14 amended, is amended by adding at the end thereof the
15 following new section:

16 "INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA

17 REDEVELOPMENT ACT

18 "SEC. 112. (a) When the Area Redevelopment Admin-
19 istrator certifies to the Administrator (1) that any county,
20 city, or other municipality (in this section referred to as a
21 'municipality') is situated in an area designated under sec-
22 tion 5 (a) of the Area Redevelopment Act as an industrial
23 redevelopment area, and (2) that there is a reasonable
24 probability that with assistance provided under such Act and
25 other undertakings the area will be able to achieve more than

1 temporary improvement in its economic development, the
2 Administrator is authorized to provide financial assistance to
3 a local public agency in any such municipality under this
4 title and the provisions of this section.

5 “(b) The Administrator may provide such financial
6 assistance under this section without regard to the require-
7 ments or limitations of section 110 (c) that the project area
8 be clearly predominantly residential in character or that it
9 be redeveloped for predominantly residential uses; but no
10 such assistance shall be provided in any area if such Admin-
11 istrator determines that it will assist in relocating business
12 operations from one area to another when such assistance
13 will result in substantial detriment to the area of original
14 location by increasing unemployment.

15 “(c) Financial assistance under this section may be
16 provided for any project involving a project area including
17 primarily industrial or commercial structures suitable for
18 rehabilitation under the urban renewal plan for the area.

19 “(d) Notwithstanding any other provision of this title,
20 a contract for financial assistance under this section may
21 include provisions permitting the disposition of any land in
22 the project area designated under the urban renewal plan
23 for industrial or commercial uses to any public agency or
24 nonprofit corporation for subsequent disposition as promptly
25 as practicable by such public agency or corporation for the

1 redevelopment of the land in accordance with the urban re-
2 newal plan: *Provided*, That any disposition of such land
3 under this section shall be made at not less than its fair
4 value for uses in accordance with the urban renewal plan:
5 *And provided further*, That the purchasers from or lessees
6 of such public agency or corporation, and their assignees,
7 shall be required to assume the obligations imposed under
8 section 105 (b) .

9 “(e) Following the execution of any contract for finan-
10 cial assistance under this section with respect to any project,
11 the Administrator may exercise the authority vested in him
12 under this section for the completion of such project, not-
13 withstanding any determination made after the execution of
14 such contract that the area in which the project is located
15 may no longer be an industrial redevelopment area under
16 the Area Redevelopment Act.”

17 (b) The next to the last paragraph of section 110 (c)
18 of such Act is amended by inserting after “such projects”
19 the following: “(including projects assisted under section
20 112 of this title) ”.

21 URBAN PLANNING GRANTS

22 SEC. 15. The second sentence of section 701 of the
23 Housing Act of 1954 is amended by adding the following
24 in clause (2) after the words “decennial census which”:
25 “(i) are situated in areas designated by the Area Redevelop-

1 ment Administrator under section 5 (a) of the Area Re-
2 development Act as industrial redevelopment areas, or (ii)".

3 VOCATIONAL TRAINING

4 SEC. 16. (a) The Secretary of Labor, in consultation
5 with the Administrator, shall determine the vocational train-
6 ing or retraining needs of unemployed individuals residing
7 in, or who were last employed in, redevelopment areas and
8 shall cooperate with the Secretary of Health, Education,
9 and Welfare and with existing State and local agencies and
10 officials in charge of existing programs relating to vocational
11 training and retraining for the purpose of assuring that the
12 facilities and services of such agencies are made fully avail-
13 able to such individuals.

14 (b) Whenever the Secretary of Labor finds that addi-
15 tional facilities or services are needed in the area to meet the
16 vocational training or retraining needs of such individuals, he
17 shall so advise the Secretary of Health, Education, and Wel-
18 fare. The Secretary of Health, Education, and Welfare,
19 through the Commissioner of Education, shall provide as-
20 sistance, including financial assistance when necessary, to the
21 appropriate State vocational educational agency in the pro-
22 vision of such additional facilities or services. If the Secre-
23 tary of Health, Education, and Welfare finds that the State
24 vocational educational agency is unable to provide the facili-
25 ties and services needed, he may, after consultation with

1 such agency, provide for the same by agreement or contract
2 with public or private educational institutions: *Provided*,
3 That the Secretary of Labor shall arrange to provide any
4 necessary technical assistance for setting up apprenticeship,
5 journeyman, and other job training needed in the area:
6 *Provided further*, That any vocational training or retraining
7 provided under this section shall be designed to enable un-
8 employed individuals to qualify for new employment in the
9 redevelopment area in which they reside or were last
10 employed.

11 RETRAINING SUBSISTENCE PAYMENTS

12 SEC. 17. (a) The Secretary of Labor in consultation
13 with the Administrator shall, on behalf of the United States,
14 enter into agreements with States in which redevelopment
15 areas are located, under which the Secretary of Labor shall
16 make payments to such States for the purpose of enabling
17 such States, as agents of the United States, to make weekly
18 retraining payments to unemployed individuals residing
19 within such redevelopment areas who are not entitled to
20 unemployment compensation (either because their unem-
21 ployment compensation benefits have been exhausted or
22 because they were not insured for such compensation) and
23 who have been certified by the Secretary of Labor to be
24 undergoing vocational training or retraining under section 16
25 of this Act. Such payments shall be made for a period not

1 ~~exceeding thirteen weeks,~~ *Such payments shall be made only*
2 *during the period the individual is receiving vocational train-*
3 *ing or retraining under section 16 of this Act, but not in any*
4 *event to exceed sixteen weeks,* and the amounts of such pay-
5 ments shall be equal to the amount of the average weekly
6 unemployment compensation payment payable in the State
7 making such payments.

(b) The Secretary of Labor and the Administrator shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section and section 16 of this Act.

(c) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000, as may be necessary to carry out the provisions of this section.

PENALTIES

SEC. 18. (a) Whoever makes any statement knowing
it to be false, or whoever willfully overvalues any security,
for the purpose of obtaining for himself or for any applicant
any loan, or extension thereof by renewal, deferment of
action, or otherwise, or the acceptance, release, or substitution
of security therefor, or for the purpose of influencing in any
way the action of the Administrator, or for the purpose of
obtaining money, property, or anything of value, under this

1 Act, shall be punished by a fine of not more than \$10,000
2 or by imprisonment for not more than five years, or both.

3 (b) Whoever, being connected in any capacity with the
4 Administrator (1) embezzles, abstracts, purloins, or willfully
5 misapplies any moneys, funds, securities, or other things of
6 value, whether belonging to him or pledged or otherwise
7 entrusted to him, or (2) with intent to defraud the Admin-
8 istrator or any other body politic or corporate, or any indi-
9 vidual, or to deceive any officer, auditor, or examiner of the
10 Administration, makes any false entry in any book, report, or
11 statement of or to the Administrator, or without being duly
12 authorized, draws any order or issues, puts forth, or assigns
13 any note, debenture, bond, or other obligation, or draft, bill
14 of exchange, mortgage, judgment, or decree thereof, or (3)
15 with intent to defraud participates, shares, receives directly
16 or indirectly any money, profit, property, or benefit through
17 any transaction, loan, commission, contract, or any other act
18 of the Administrator, or (4) gives any unauthorized infor-
19 mation concerning any future action or plan of the Adminis-
20 trator which might affect the value of securities, or having
21 such knowledge, invests or speculates, directly or indirectly,
22 in the securities or property of any company or corporation
23 receiving loans or other assistance from the Administrator,

1 shall be punished by a fine of not more than \$10,000 or by
2 imprisonment for not more than five years, or both.

3 EMPLOYMENT OF ~~EXPENDITURES~~ *EXPEDITERS* AND ADMIN-
4 ISTRATIVE EMPLOYEES

5 SEC. 19. No loan shall be made by the Administrator
6 under this Act to any business enterprise unless the owners,
7 partners, or officers of such business enterprise (1) certify
8 to the Administrator the names of any attorneys, agents,
9 or other persons engaged by or on behalf of such business
10 enterprise for the purpose of expediting applications made
11 to the Administrator for assistance of any sort, and the fees
12 paid or to be paid to any such person; and (2) execute an
13 agreement binding any such business enterprise for a
14 period of two years after any assistance is rendered by the
15 Administrator to such business enterprise, to refrain from
16 employing, tendering any office or employment to, or retain-
17 ing for professional services, any person who, on the date
18 such assistance or any part thereof was rendered, or within
19 one year prior thereto, shall have served as an officer, attor-
20 ney, agent, or employee of the Administration, occupying a
21 position or engaging in activities in which the Administrator
22 shall have determined involve discretion with respect to the
23 granting of assistance under this Act.

RECORD OF APPLICATIONS

SEC. 20. *The Administrator shall maintain as a permanent part of the records of the Administration a list of applications approved, which shall be kept available for public inspection during the regular business hours of the Administration. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan for which application is made, (3) the purposes for which the proceeds of the loan are to be used, and (4) a general description of the security offered.*

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

SEC. 21. The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on projects undertaken by public applicants assisted under this Act (1) shall be paid wages at rates no less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of August 30, 1935 (Davis-Bacon Act), and (2) shall be employed not more than forty hours in any one week unless the employee receives wages for his em-

1 ployment in excess of the hours specified above at a rate not
2 less than one and one-half times the regular rate at which
3 he is employed.

4 ANNUAL REPORT

5 SEC. ~~21~~ 22. The Administrator shall make a comprehen-
6 sive and detailed annual report to the Congress of his oper-
7 ations under this Act for each fiscal year beginning with the
8 fiscal year ending June 30, 1960. Such report shall be
9 printed, and shall be transmitted to the Congress not later
10 than January 3 of the year following the fiscal year with
11 respect to which such report is made. Such report shall
12 show, among other things, (1) the number and size of Gov-
13 ernment contracts for the furnishing of supplies and services
14 placed with business firms located in redevelopment areas,
15 and (2) the amount and duration of employment resulting
16 from such contracts. Upon the request of the Adminis-
17 trator, the various departments and agencies of the Govern-
18 ment engaged in the procurement of supplies and services
19 shall furnish to the Administrator such information as may
20 be necessary for the purposes of this section.

21 APPROPRIATION

22 SEC. ~~22~~ 23. There are hereby authorized to be appropri-
23 ated such sums as may be necessary to carry out the pro-
24 visions of this Act.

USE OF OTHER FACILITIES

SEC. ~~23~~ 24. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Administrator shall, to the extent practicable and with their consent, use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

RECORDS AND AUDIT

SEC. 25. (a) *Each recipient of assistance under section 6 or 7 of this Act shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.*

1 (b) The Administrator and the Comptroller General of
2 the United States, or any of their duly authorized repre-
3 sentatives, shall have access for the purpose of audit and
4 examination to any books, documents, papers, and records
5 of the recipient that are pertinent to assistance received under
6 section 6 or 7 of this Act.

[Report No. 110]

A BILL

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

By Mr. DOUGLAS, Mr. COOPER, Mr. CLARK, Mr. BEALL,
Mr. JACKSON, Mr. LINGLE, Mr. GREEN, Mr. HUM-
PHREY, Mr. NEUBERGER, Mr. LANGER, Mr. HART, Mr.
KENNEDY, Mr. SYMINGTON, Mr. ANDERSON, Mr.
PASTORE, Mr. BARTLEY, Mr. CHURCH, Mr. JAVITS,
Mr. CHAVEZ, Mr. MCGEE, Mr. CASE of New Jersey,
Mr. MCCARTHY, Mr. MANSFIELD, Mr. MORSE, Mr.
GRUENING, Mr. RANDOLPH, Mr. BYRD of West Vir-
ginia, Mr. HENNING, Mr. DODD, Mr. YARBOROUGH,
Mr. MONRONEY, Mr. MURRAY, Mr. MAGNUSON, Mr.
HARTKE, Mr. CARROLL, Mr. KEFAUVER, Mr. YOUNG
of Ohio, Mr. McNAMARA, and Mr. MUSKIE

JANUARY 27, 1959

Read twice and referred to the Committee on
Banking and Currency

MARCH 18, 1959

Reported with amendments

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of March 19, 1959
86th-1st, No. 45

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HIGHLIGHTS: Senate debated area redevelopment bill. Sen. Symington criticized proposed cuts in school lunch program funds. House committee reported bill to increase expenditure authorization for special milk program. House debated Treasury-Post Office appropriation bill. House committee granted permission to file report on Interior and second supplemental appropriation bill. Sen. Wiley introduce and discussed bill to establish dairy research laboratory in Wis. Sen. McClellan introduced and discussed bill to permanently authorize transmittal of reorganization plans. Rep. Alger introduced and discussed bill to exempt from quotas wheat used on farm.

SENATE

1. AREA REDEVELOPMENT. Began debate on S. 722, the area redevelopment bill. Agreed to a unanimous-consent resolution limiting debate on the bill beginning Mon., Mar. 23. pp. 4137-8, 4151-61
2. SCHOOL LUNCH. Sen. Symington criticized the President's 1960 budget recommendation which "calls for a cut of nearly one-third -- \$45 million -- in the funds available for the school lunch program during the 1959 and 1960 school year," and inserted a letter he had received from the director of the Missouri school lunch program discussing "the plight of the school lunch program." pp. 4110-11
3. COMMITTEE ASSIGNMENT. Sen. Kennedy was appointed to the Joint Economic Committee. p. 4083

4. WATER RESOURCES. Received a Mont. Legislature resolution urging enactment of legislation to authorize Federal construction of the Paradise Dam on Clark Fork River in Mont. p. 4084
5. FORESTRY; LANDS. Received a Colo. Legislature resolution urging enactment of S. 1032, to remove the 640-acre limitation on the transfer of Federal lands to the States for use for State park purposes. p. 4085
6. FOREIGN AFFAIRS. Received from the Foreign Relations Committee an interim report on its study of U. S. foreign policy (S. Rept. 118). p. 4086
7. FOREIGN CURRENCIES. Received from the Appropriations Committee a report on the use of foreign currencies by several Senate committees. pp. 4086-90
8. ATOMIC ENERGY. Sen. Neuberger inserted a speech by Sen. Anderson discussing the atomic energy program, including reactor construction and electric power generation developments. pp. 4102-5
9. UNEMPLOYMENT. Sen. Symington discussed the unemployment situation, and recommended extension of the unemployment insurance program and that something be done "about the practice of administered prices." p. 4111
10. AGRICULTURAL SCIENCE. Received from the President a certified copy of a protocol of amendment to the convention on the Inter-American Institute of Agricultural Sciences. p. 4120

HOUSE

11. MILK PROGRAM. The Agriculture Committee reported with amendment H. R. 5247, to increase by \$3,000,000 the authorized maximum expenditure for the fiscal year 1959 under the special milk program (H. Rept. 232). p. 4221
12. REA. H. R. 4147, to establish REA as an independent agency and H. R. 5746, to exempt REA from Reorganization Plan No. 2 of 1953, which were referred to the Agriculture Committee, were rereferred to the Government Operations Committee. p. 4217
13. APPROPRIATIONS. Debated the Treasury and Post Office Departments appropriation bill for 1960. pp. 4192-4201
The House report on the Treasury-Post Office appropriation bill for 1960 states: "The budget for 1960 proposes the inclusion of so-called annual accrued expenditures limitations on six appropriations. Two of those are Coast Guard appropriations carried in the accompanying bill. The Committee has not, however, included the proposed accrued expenditure limitations." The report explains in detail the reasons for excluding such limitations.
The Appropriations Committee was given permission to file by midnight Friday, Mar. 20, reports on the second supplemental appropriation bill for 1959, and Interior and related agencies appropriation bill for 1960. pp. 4167-8
14. FLOOD CONTROL; EMPLOYMENT. Reps. Perkins and Kee criticized the President's program for water resource development in E. Kentucky and West Virginia and stated that increased appropriations for flood control projects would help alleviate the unemployment problem in these districts. pp. 4206-8
15. ELECTRIFICATION. Rep. Shelley stated that the U. S. Government has a responsibility first to American people when granting large purchase contracts and that

COOPERATION WITH ALLIES AND RESTRAINT
URGED

We must act in harmony with our allies, Britain, France, and West Germany. This means more than coordinating our pronouncements about standing firm. It means hammering out a unified policy and strategy to give us strength for bargaining, and to undergird our determination if negotiation should break down.

If we had worked a bit closer with our allies and had strengthened the consultative process within NATO during the past 5 years, perhaps we would be in a better position than we are today. But let bygones be bygones. If we ever needed the wisdom, strength, and counsel of trusted allies we need them now.

THE MACMILLAN VISIT TO THE U.S.S.R.

The entire world is indebted to the Prime Minister of Great Britain, Mr. Macmillan, for his visit to the U.S.S.R. and his talks with the Soviet leaders. Prime Minister Macmillan has again demonstrated those great qualities of character which have marked the British people through their great history. With characteristic British good manners, he has consulted with Soviet officials in a spirit of understanding and patience which reveals great courage and statesmanship. He has exemplified friendliness to the Russian people, courtesy and proper diplomatic conduct to Soviet officials. He has patiently explored areas of possible agreement between the Soviet and the Western nations. He has been conciliatory without appeasement. He has been firm and resolute without being stubbornly obstinate.

The British through their Prime Minister have demonstrated what we mean when we say firmness and negotiation are not in any way contradictory.

At the very time that our own leadership seems to be faltering and the Secretary of State was stricken down with serious illness, thereby limiting the role of American leadership, we see again the advantage which comes from being associated with our NATO partners.

France under the leadership of DeGaulle displays new strength and firmness. Chancellor Adenauer rightly insists that Germany be a part of the European community and not separated from the stream of democratic and free institutions.

British statesmen explore every area of negotiations, and the President of the United States, speaking for the American people, reminds friend and foe that we will not retreat, appease, or fail to fulfill our commitments.

Yes, these are dangerous days and the situation is explosive. But these are also great and challenging days where spiritual and brainpower may save us from the dangerous alternative of the use of firepower.

The alternative to war is peace and it is in the pursuit of peace that we will find our greatness and fulfill our destiny.

MARCH 2, 1959.

OIL IMPORTS

Mr. JAVITS. Mr. President, it is most unfortunate that while we deal with the vitally important increases in the U.S. contribution to the International Monetary Fund and the World Bank we face the problems of an Executive order establishing mandatory restrictions on oil imports. For this order is an unfortunate development in our international trade and is hurting our relations with friends abroad, including Canada and Bolivia. Indeed, it may tend to weaken the economies of some of the very countries

which the proposed increase in the International Monetary Fund is meant to promote and strengthen.

Yesterday Senator AIKEN led a chorus of objections to this recent order establishing mandatory import quotas on petroleum and petroleum products. I wish to join him in expressing my concern about this order after I and a number of other Senators had called attention to the serious domestic problem that would be created for home owners and apartment dwellers who we said may well have to pay higher fuel bills, unless the sellers exercise self-discipline. I had hoped at least that the imports of residual fuel oil would have been exempted from the order, since over one-third of the homes and apartments in the Northeastern States are heated by oil and heating costs represent up to 4 percent of the cost of living.

At a time when we are doing our utmost to keep prices down in every area, it seems particularly unfortunate to get into a course of action which gives the chance of increased living costs for so many families. Indirectly, fuel oil price increases would affect every one of us for part of the price of each product we buy reflects the cost of fuel used to heat the factories, generate the electricity and run the machines used in manufacturing.

The justification given for this order and for its provision in the Reciprocal Trade Agreements Extension Act is national security. The domestic oil industry has put out statistics to point up how the discovery of new reserves has lagged behind U.S. oil production, and that therefore it is necessary to encourage exploration in the industry domestically. Is it not paradoxical that we should use up our own oil reserves at an increased rate supposedly in the interests of national security instead of conserving our reserves and using foreign oil while it is readily available? The contradiction becomes even more marked when the exclusion also applies to Canadian oil to which none of the national security arguments about vulnerability of seaports can apply.

To a large extent, the reasons given to justify this order are similar to those given to support the 27½-percent oil depletion allowance. This provision also was supposed to foster oil exploration and the growth of reserves for national security reasons. However, the result of this allowance has been to give important tax concessions to a limited sector of the economy and has led to a growing sentiment in Congress to reduce this special benefit.

A restrictive move of this type, which appears strongly protectionist to the rest of the world, is particularly regrettable right now when we are spending billions of dollars abroad to develop economies, particularly in the underdeveloped areas of Africa, the Middle East and South America, many of which are oil producers.

In light of the protests already received from a number of nations in opposition to the mandatory restrictions, I sincerely hope that the President will

reconsider the terms of this order or at the very least, its amendment in order to exempt from its provisions residual fuel oil. Also, I hope every seller of oil contemplating price increases will think about it many times before imposing such increases on the people and the national economy.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

H.R. 2294. An act for the relief of the Ellis Timber Co.; and

H.J. Res. 198. Joint resolution to provide for the reappointment of Robert V. Fleming as citizen regent of the Board of Regents of the Smithsonian Institution.

UNEMPLOYMENT IN DEPRESSED
AREAS

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 99, S. 722.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 722) to establish an effective program to alleviate conditions of substantial and persistent unemployment, and underemployment in certain economically depressed areas.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Banking and Currency with amendments.

Mr. JOHNSON of Texas. Mr. President, I am prepared to ask the Senate to remain in session as late today as Senators may wish to stay in order to discuss the bill, and to have the Senate meet tomorrow to discuss it further. I have talked with the minority leader about the matter. I am not aware of how much discussion is desired. If need be, we shall be glad to have a Saturday session to accommodate Senators who wish to make speeches on the bill.

I hope we may have an understanding that there will be no votes on the bill for the remainder of this week, and that we will try to reach a vote on the bill sometime late on Monday.

There is also a resolution providing funds for the Joint Economic Committee, as to which I have given notice that it is planned to call it up on motion as soon as action has been concluded on the bill now before the Senate.

If there are no Senators who desire to discuss the bill, there will be no need for a Saturday session, or, for that matter, a Friday session. If the minority leader will canvass Senators on his side of the

aisle, I will speak with the Senator having the bill in charge, the Senator from Illinois [Mr. DOUGLAS], and will try to estimate how much discussion is desired, and will be guided accordingly.

I have had several inquiries as to when a vote on the bill may be expected. If it is possible to do so, I should like to enter into an agreement that there will be no votes this week, and try to arrange to vote on the bill on Monday next.

Mr. DIRKSEN. Mr. President, I had expressed to the majority leader the hope that after this evening the Senate could go over until Monday, and that we could come in early on Monday and agree upon a certain amount of time for debate on each amendment, and then on the bill, and to finish action on the bill on Monday. That would give Senators a chance to catch up with the work in their offices. I am frank to say that these days get pretty long when committees are in session and Senators try to be on the floor and also in committees. I think Senators are entitled, in the interest of better and more efficient work, to have their weekends free to get the decks cleared.

I hope the majority leader will press for agreement to his unanimous-consent request. I told him it was entirely agreeable to me. I utter the hope that there will be no objection to it. The bill has been available to Senators for some time. The report and the hearings also are available. A similar bill has been before the Senate previously. I think it would be an ideal situation if an arrangement could be made so that the weekend could be free for the benefit of all Senators.

Mr. JOHNSON of Texas. Would it be agreeable to the minority leader if the Senate met tomorrow, so as to give Senators an opportunity to speak if they desired to do so; and if Senators desired to speak longer, a session could be held on Saturday, with the understanding that there will be no votes during the remainder of the week, and that an attempt will be made to reach an agreement for a limitation of time on amendments and on the bill, to be effective following the morning hour on Monday?

Mr. DIRKSEN. I am agreeable to that; or the unanimous-consent request could be proposed now.

Mr. JOHNSON of Texas. Mr. President, on behalf of the minority leader and myself, and with the approval of the Senator in charge of the bill, the Senator from Illinois [Mr. DOUGLAS], I submit a proposed unanimous-consent agreement and ask that it be read.

The PRESIDING OFFICER. The proposed agreement will be read for the information of the Senate.

The legislative clerk read as follows:

Ordered, That, effective on Monday, March 23, 1959, at the conclusion of routine morning business, the Senate shall proceed to the consideration of the bill, S. 722, the area redevelopment bill, and debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in

opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

Mr. DOUGLAS. Mr. President—

Mr. JOHNSON of Texas. Mr. President, I may say to the distinguished senior Senator from Illinois that what has been proposed is that the Senate have tomorrow in which to discuss the bill. If any Senators so desire, the Senate will be asked to meet on Saturday so that they may discuss the bill. We should like to have an understanding that there will be no votes either on Friday or Saturday, so far as the leadership can control the voting.

It is proposed, further, that at the conclusion of the morning hour on Monday, the Senate proceed to the consideration of the bill with a limitation of 1 hour of debate on each amendment, and that at the conclusion of the disposition of all amendments there be a limitation of debate of 2 hours on the bill.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. DOUGLAS. This arrangement is completely satisfactory to me. I think it provides ample opportunity for discussion and debate. May I inquire of the majority leader whether it is his intention to have the formal discussion of the bill begin this afternoon?

Mr. JOHNSON of Texas. At any time that is agreeable to the Senator from Illinois. Senators may speak as long as they desire today, tomorrow, and Saturday. On Monday, the limitation of debate would be in effect.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. CAPEHART. In the best interests of all Senators, I feel that a Saturday session should be eliminated. I do not think it is necessary to have one. As the ranking minority member of the Committee on Banking and Currency, having an understanding of the bill, and knowing the Senators who are opposed to it and the Senators who favor it, I think it would be most unfortunate to have a Saturday session in order to consider the bill, particularly when there will be the rest of today and all day tomorrow to discuss it; and then to debate it under a unanimous-consent agreement on Monday. If the agreement shall be entered into, there will be 1 hour for debate on each amendment. That means, of course, that any Senator can offer all the amendments he wishes and take 1 hour on each amendment. But I think it would be unfortunate to have the Senate meet on Saturday.

Mr. JOHNSON of Texas. I have no desire for a Saturday session unless some Senator desires it.

Mr. CAPEHART. I ask that the unanimous-consent agreement be changed.

Mr. JOHNSON of Texas. It does not provide for a Saturday session. I simply made the statement that the Senate would meet if any Senator desired to make a speech on the bill on Saturday.

Mr. WILLIAMS of Delaware. Mr. President, I object.

Mr. DOUGLAS. Mr. President, so far as the proponents of the measure are concerned, I feel certain that we will not take a disproportionate share of the time to conclude our argument. I should like the majority leader to know that I did give every opportunity to the minority to offer amendments. I am reassured by the statement of the Senator from Indiana [Mr. CAPEHART] that he probably will not prolong the discussion to great length. But if he has a large number of amendments which he intends to offer, I shall be very glad to come in on Saturday and listen to him with great interest and attention.

ORDER FOR ADJOURNMENT UNTIL 2 O'CLOCK NOON TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in adjournment until noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE SENATE AND THE CAUCUS— DEMOCRACY OR TYRANNY IN THE SENATE

Mr. NEUBERGER. Mr. President, in recent weeks the distinguished junior Senator from Wisconsin [Mr. PROXMIRE] has discussed in this Chamber, on two separate occasions, the function of leadership within the Democratic Party in the United States Senate. He has presented a number of suggestions which he contends would improve the machinery through which this leadership is exercised, and has declared that implementation of these ideas would result in increased party responsibility and accountability of individual Members.

Mr. PROXMIRE. Mr. President, will the Senator yield at the outset of his speech?

Mr. NEUBERGER. I yield.

Mr. PROXMIRE. I merely desire to say to the Senator that I have read his speech. At the very outset, I wish to say that it is an extremely constructive speech. I shall listen to it carefully. But I wanted to make one minor—perhaps the Senator would consider it a major—suggestion at this point, where I think it would be more constructive.

Mr. NEUBERGER. The Senator from Wisconsin did not permit me to begin my speech before he rose and asked me to yield. What does he want me to do?

Mr. PROXMIRE. I simply asked if the Senator from Oregon would yield at this point.

Mr. NEUBERGER. I am happy to yield, but I must say that it is very early in my address to yield.

ing the report, and the clerk of the Foreign Relations Committee was talking about another. One was the bill clerk and the other was the printing clerk.

I do not care to reflect on the Senator from Delaware or on any employee of the Senate. The fact is that the report was made available to the printing clerk at approximately 7:30, and that is about the time, I may inform the Senator from Delaware, the Senate adjourned. I wanted to make this statement for the RECORD.

I yield now to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, I appreciate what the Senator from Texas has said.

Mr. JOHNSON of Texas. I deeply regret there has been any misunderstanding.

Mr. WILLIAMS of Delaware. The Senate adjourned about 7:38. The colloquy took place around 7:20 to 7:30. The Senator from Texas said the report was available, had I talked to the clerk of the committee. I did go to the appropriate place in the Senate. It was not available where it was supposed to be. The printed reports and bill were not available here in the Senate until this morning. I wanted them last night. The committee clerk had sent the report to the Printing Office and it did not get back until this morning. I was correct when I said the report was not available to me, or to any other Senator who wanted it, last night. Presumably we could have gone to the Government Printing Office, and gotten it, but if we had, there would have been no reports available today for anybody. I am sure that this was a misunderstanding. But I am sure also that the Senator from Texas will agree that a bill and report in the hands of the printers is not considered as available for Senators to take home and study.

As I said earlier this morning, when I gave my consent last night it was with the clear understanding that a copy of the report and the bill would be available to me for study overnight.

Mr. JOHNSON of Texas. I regret very much that was not the case. Had I known the Senator did not have the report available, or that he desired it, I would have made it available, because I am told there was an extra typed copy. I did not know the Senator made that request.

Mr. WILLIAMS of Delaware. Whether there was an extra typed copy I do not know, but I do know that at the desk, where we normally get bills and reports, the report was not available at the time we adjourned. In fact, the bill and the report were not available until this morning, because the report was sent to the Printing Office last night.

I recognize that there is a basis here for this misunderstanding to have developed, and we can both be more careful the next time.

LIMITATION OF DEBATE—UNANIMOUS-CONSENT AGREEMENT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order previously presented to the Senate today in connection with the pending business be entered with respect to the time limitation; that there be no votes on Friday or Saturday and that we begin the time limitation on Monday at the conclusion of the morning hour.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

ORDER FOR CONVENING ON MONDAY NEXT

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. McGEE in the chair). The Senator will state it.

Mr. JOHNSON of Texas. No order has been entered for the time of convening on Monday, I believe.

The PRESIDING OFFICER. The Senator is correct.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate convenes on Monday it convene at 12 o'clock.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that this colloquy be printed in the RECORD after the conclusion of the remarks of the Senator from Oregon.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

UNEMPLOYMENT IN DEPRESSED AREAS

The Senate resumed the consideration of the bill (S. 722) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). The pending business is the bill relating to unemployment in depressed areas.

Mr. BYRD of West Virginia. Mr. President, we of the 86th Congress are now considering one of the most important pieces of legislation to come before us. We are approaching the hour when we must decide what program, if any, is to be undertaken in an effort to pump new life into the areas of chronic unemployment which are constituting a drag upon our Nation's prosperity and which are undermining our national security. We are nearing a showdown on the question of whether this coun-

try—the richest, most powerful, and most highly industrialized in the world—is capable of dealing with her own economic sore spots. We soon must give one of two answers—either that America is strong and resourceful enough to impart new vitality into regions of lingering or mounting joblessness, or that our Nation is powerless or at least unwilling to cope with the problem and to offer hope to the millions of Americans now living in the affected areas.

Mr. President, in my addresses to the Senate during the past week I have stated what I believe to be the wiser course. I sincerely feel that only the most forceful and most comprehensive plan of action is adequate to come to grips with this national problem. And I feel with equal sincerity that there is only one piece of legislation now before the Congress which embodies such a plan—namely, Senate bill 722, the Area Redevelopment Act, introduced by the Senator from Illinois [Mr. DOUGLAS].

I am very grateful to the distinguished Senator from Illinois for permitting me to address this body at this time in regard to the proposal before the Senate. His profound work of legislative ingenuity and insight, which has now been approved by the Committee on Banking and Currency, is in my estimation the most practicable, most feasible, and most reasonable approach to this grievous situation that has yet been suggested. So I compliment the distinguished Senator from Illinois on the excellent work he has performed in connection with this legislation. I compliment him for the diligent and untiring effort he has put into the creation of this legislation and into the hearings which have been conducted upon it. I feel that before many days Congress, in its good judgment, will present this legislation to the President for his signature.

Mr. President, before I direct my remarks to the provisions of S. 722, I should like for a little while to discuss again the need for legislation to provide Federal assistance to areas suffering from substantial and persistent unemployment. There is in my State much suffering and hardship, and I am concerned about the desperation and the despair which generally prevails in regions where unemployment has persisted at its worst for many months. Little children are hungry. They and their parents, having exhausted unemployment compensation payments, live upon a meager allotment of surplus commodities. They are without hope. Lawlessness is on the increase as fathers have begun to steal food and clothing for their families. Men have roamed from State to State in a fruitless search for employment, and others have become too destitute to afford travel away from their habitats. During the course of the field hearings which I conducted in West Virginia 2 weeks ago, by authorization of the Senate Committee on Banking and Currency, I received testimony about the

desertion of families by husbands in order that the wives and children might become eligible for State welfare assistance.

I would be remiss in my duty were I not to express my gratitude to the chairman of the Senate Committee on Banking and Currency and to the chairman of the Subcommittee on Production and Stabilization, for having made it possible for this subcommittee to go into West Virginia and conduct field hearings there, thus enabling my people to present pertinent testimony for the record. I believe that hearings in the field serve a very useful purpose. I am of the opinion that they are needful; and I want my people to know that I feel we are indebted to the chairman of the subcommittee and to the leadership of this body for making it possible for the subcommittee to go into the area and obtain first-hand information concerning the need for legislation of this nature. We learned some disturbing things.

Some schools are bankrupt because of the number of free lunches being too great, and within the next 30 days, one of the school principals of Raleigh County, my home county, testified more schools will close their lunch programs unless additional help is forthcoming. Over half of the lunches served in some of the schools are free lunches. In many of the schools, over 50 percent of the students have unemployed parents, and the remaining parents are employed only a part of the time. Is it any wonder, Mr. President, that some of our school surveys show that children in these depressed areas are below average? Let us ask ourselves this question: What do we think of if we are hungry? We think of something to eat. My subcommittee was told that some of the unemployed men have turned to moonshining to earn money.

I have mentioned these facts once or twice already on the floor of this body, but I think the people should know that such conditions exist in our own country, where warehouses are bulging as they bulged in the days of Joseph, and where there is the highest standard of living in the world. I think it is important that the country become aware of the fact that there are people living in our Nation who are hungry, ill-clothed, and poorly sheltered. We talk a great deal about giving millions and billions to our friends around the world, whose national debts, when combined, do not equal our own national debt. When we give assistance to other countries, we are exemplifying the Christian attitude. At the same time, it is most important that we be aware of the pockets of poverty, privation, suffering, and hunger within the boundaries of this America which we love so much.

For this reason I have spoken of the situation again and again. Today I again call to the attention of the country, the President, and others in the executive branch these facts, which trouble me, and which trouble my senior colleague [Mr. RANDOLPH] and other Members of this body.

Hundreds of small businessmen have closed their stores and shops due to

slumping sales and mounting debts. We have heard again and again that economic conditions in the depressed areas are as bad as those which afflicted our Nation during the depression of the early thirties. Mr. President, of course, this situation is not general throughout the Nation, as it was a quarter of a century ago. But where it exists, it is, in many instances, as bad. I came up the hard way, Mr. President, and I lived in those days of the depression. I wore tennis shoes in the snow.

There are children living today in West Virginia who have had no shoes to wear in the snow.

In late December I visited the mining town where my father used to load coal.

I talked with some of the families there. It hurt me deeply to see the equipment being brought out of the mines, to see the abandoned machine shop, to see the idle tippie in a community where mines still could produce good coal. I visited the company store where I used to work, and the inventory of goods was almost completely depleted. During the depression we sold a great deal of food and clothing in that store, but it is practically a closed operation now. Everything in the community is on the downgrade. The houses are sinking and deteriorating. Many of the windows in the houses are boarded over, and everything is in ill repair. The houses in that community have not felt the touch of a paint brush in many summers. The very atmosphere seems to be weighted down with dread and hopelessness and bleak despair.

The people have exhausted their unemployment compensation payments. The only food available in home after home which I visited was "mollygrub," the term used for commodities distributed from Government stockpiles of food surpluses accumulated under the price support program. I visited one family in which there were 9 children, and I was told by the husband and father that the family had received, as a 30-day supply of rations, 6 pounds of butter, 6 pounds of rice, 40 pounds of meal, and 5 pounds of flour. That amount of food had to do for 90 meals.

Christmas had just passed, and family after family spoke of Christmas baskets of food that had been donated by local unions and people in other communities, but Christmas baskets were gone. Through the generosity of others, these poor families had been granted a brief respite in their fight against hunger.

Mr. President, I have seen more penury and more privation and more hopelessness and more despondency and more want in 1958 than I saw in the early 1930's. Then I did not see idle tipples, and company stores closed down or open only perhaps an hour out of every 24 hours, or 1 day a week. I cannot begin to describe the lowered morale which exists in these depressed areas. It is a lower morale than I, as a lad, witnessed in the same communities a quarter of a century ago.

Mr. President, little children feel this bleak atmosphere of despondency and lowered morale. Men who are unemployed feel it and they try to find something to take their minds off their help-

less, distressed situation. Some of them turn to drink, and it is a very poor subterfuge. But it is no escape from reality; it is only an escape from the frying pan into the fire. Now and then one will commit suicide. These are people with pride and people who do not want to be humiliated. These are people who have given of their fortunes, some of them of their children, in order that this country might be a great country, that it might be a free land, and that it might continue to be the hope of the world. They are good citizens. I should very much regret their seeing this proposed legislation fail of passage or receive a Presidential veto. I wonder what they would then think of the Government which they have served valiantly and for which they have given much.

As I have already said, these are people with pride. They love their country. They love their Government. They love their State. They love their communities. They love their families. They are people who do not want to be humiliated. Yet they see their children doing without clothing and doing without food, and eating out of garbage cans.

What is this situation doing to the children? Childhood is such a sensitive time. The little humiliations through which a child goes rankle in that child's bosom, and as it grows to manhood or womanhood, the child who has experienced humiliation, unfairness, and want grows up with a bitterness and a resentment against society. He will then go out and commit crimes. Immorality is bred by poverty and unemployment:

I took a piece of plastic clay
And idly fashioned it one day

And as my fingers pressed it still
It moved and yielded to my will.

I came again when days were past.
The bit of clay was hard at last.

The form I gave it, it still bore,
And I could change that form no more.

I took a piece of living clay
And gently formed it day by day,

And molded with my power and art
A young child's soft and yielding heart.

I came again when years were gone,
He was a man I looked upon.

He still that early impress wore,
And I could change him nevermore.

Mr. President, there are many thousands of little pieces of human clay growing up in these depressed communities. I am sorry to say I feel that unless we do something, and do it quickly, precious time will be lost. The time will come when these children will have grown into maturity and when they will have been hardened against the society which denied them the necessities of life.

Mr. President, as I recall these homes of extreme poverty, I think I see the explanation for the retarded educational development of many of these children. They cannot absorb the rudiments of mathematics and they cannot concentrate upon the fundamentals of science, when they are preoccupied with the distressing conditions surrounding their home life and when they have a gnawing in their stomachs.

My senior colleague and the House Members of the West Virginia delegation and I sat down this morning to a breakfast of "mollygrub," consisting of butter, flour, meal, dried milk, and rice. As I tried to partake of that food, I thought of my own two daughters and of how discouraging and sad it would be were they forced to depend upon such a meager ration for life itself. Then I thought of the many children who perhaps are not so fortunate as my own children, and who go day after day wanting enough food, and better food with which to fill their little stomachs. There are many children in West Virginia, and in other States, who will go to bed hungry tonight, children who went to bed hungry last night and who went to bed hungry a month ago last night.

So, Mr. President, warped personalities, crime, retarded physical development, declining morality, blighted mentality, and lowered morale are parts of the vicious chain of unemployment and poverty. These are the humanitarian aspects of the problem, but they are the things which so often fail to be adequately considered and properly developed in legislative bodies such as this. Not that the members of legislative bodies are out of tune with the needs of human beings, not that they are unsympathetic; but in the mad rush of things our thoughts are so often concentrated upon the effect that this or that will have upon the budget, the effect that it will have upon the national debt, the effect that it will produce in this direction or that direction, or in some other direction. Too often, the more important things are overlooked, such as the effect upon the personality, character, attitudes, mores, morale, and so on. Yet, these are, after all, the more important things, the things that shape men's souls, encourage their love for fellow creatures, strengthen their faith in fellow human beings, underlie and undergird their respect for the laws of society, and provide the anchor of their trust in Government. These are the things that are effaced and eroded when boys and girls are reared under conditions that deny them food, clothing, and opportunity, and which confront them daily with humiliation, frustration, and despair.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I yield to my distinguished colleague from West Virginia, a Member of this body who has joined in cosponsoring the bill; one who is just as much concerned with its passage as I am; one who has diligently worked to bring it to fruition.

Mr. RANDOLPH. It is with reluctance that I interrupt the compelling presentation of my sincere colleague. I do so at this time to emphasize what he has so well said in the Senate. But I desire to reinforce the argument which he is so effectively bringing to our attention.

Figures are important. But in this instance the Senator from West Virginia is attempting, and is doing it splendidly, to clothe figures with faces. Silver dollars have two sides. One side is

the side which is used as an exchange in the marts of trade. But turn the dollar over and search out its human side. There must be a human side to each and every dollar. Surely we will find these values to which my esteemed colleague from West Virginia calls attention. Let us search out these human values and make them our own. There will then be additional votes in this body for S. 722.

I express the hope that on the morrow individual Senators, who have other commitments at this hour which are legitimate and are understood, will have the opportunity to read what the distinguished junior Senator from West Virginia has been saying and to evaluate further the import of his presentation.

I commend the Senator from West Virginia. I have often done so, not simply for the sake of saying pleasant words, even though the Bible tells us that pleasant words are as a honeycomb, breath to the soul, and health to the bones.

The Senator from West Virginia is speaking about the souls of men, women, and children—yes; about the bones of little boys and girls.

I appreciate the Senator's allowing me to interrupt him at this point.

Mr. BYRD of West Virginia. I thank my colleague.

The Bible says:

A word fitly spoken is like apples of gold in pictures of silver.

My colleague spoke fitly when he indicated that there are human faces, human desires, human aspirations, human dreams, and ambitions back of these statistics.

It was Emerson who said:

Not gold, but only men can make a nation great and strong;
Men who for truth and honor's sake stand fast and labor long;
Real men who work while others sleep,
Who dare while others fly.
They build a nation's pillars deep
And lift them to the sky.

We are considering legislation which deals with men; legislation which will affect the lives of our people; legislation which will enable them to use their talents and their energies to achieve the best that is within them.

Our people ask nothing more than the opportunity to labor honestly and to provide for their loved ones, and to give of their best to the upbuilding of their country.

At this point, Mr. President, in order to convey a better impression of the economic picture of at least one depressed area, I wish to read a few passages from testimony which was taken 2 weeks ago in West Virginia by the Banking and Currency Committee's Subcommittee on Production and Stabilization. In giving his evidence to our subcommittee, the Governor of West Virginia, the Honorable Cecil H. Underwood told of the suffering of many unemployed families; and then he said:

In some areas of our State, the entire economy is almost at a standstill; in others, it will shortly come to such an impasse, unless we take immediate and positive action. We are not in a general depression; instead, we are in an era of unparalleled change. In

fact, we are in an industrial revolution * * * West Virginia is faced today with the stark aftermath of rapid technological advance, primarily in the coal industry. The entire State has been affected, it is true, as evidenced by a 10-year decline in population. But this change in mining practices is fundamental. Economic forces beyond man's control dictated this transformation. Had coal taken any other course, it would no longer be in the competitive fuel market. * * * We must accept the cold fact that industry in this State, as elsewhere, will continue to improve production and reduce manpower needs proportionately. * * * The first sharp increase in current unemployment occurred in November 1957. This trend continued to deepen during the winter months, reaching its peak in May 1958. Since that time, unemployment has gradually decreased. In the last 20 months, more than 50,000 workers in West Virginia have exhausted their regular unemployment benefits. Since the beginning of the Temporary Unemployment Compensation program, June 27, 1958, more than 36,000 workers have qualified for its benefits. More than 18,000 persons have exhausted these temporary payments.

The Governor's explanation as to the source of the problem was echoed by Dr. Henry L. Ash, director of the West Virginia Department of Employment Security. Dr. Ash testified that the number of coalfield jobs is no longer adequately reflected by figures on coalfield production; and he said:

To me two things are crystal clear about the coal industry in West Virginia. The first of these is that coal will remain a very vital part of our economic life in this State; the second is that mechanization has and will continue to decrease the number of employees needed. To me this is not an argument against mechanization, but a fact to reckon with. Mechanization or automation, whichever you choose to call it, has been a significant force in our economy. We have a scientific Frankenstein yet to be harnessed. We cannot and would not stay mechanization. We must learn and act to live with it and enjoy the fruits of man's ingenuity.

Finally, I should like, Mr. President, to read a few sentences from the testimony of Dr. Leo Fishman, head of the department of economics at West Virginia University. Dr. Fishman pointed out that the unemployment rate at Morgantown—the location of the university—is now 18 percent. Then he said:

The extensive and protracted unemployment in Morgantown is in large measure the result of deep-rooted structural changes in the national and world economies. These changes have led to a sharp restriction in output and employment in the basic industry of the Morgantown area, namely the bituminous coal industry. Simultaneously, technological advances in bituminous coal mining, desirable though they may be from other points of view, have aggravated the situation by causing employment to drop even more sharply than output.

The bills now being considered by the Senate Committee on Banking and Currency for the purpose of alleviating conditions of substantial and persistent unemployment and underemployment in economically depressed areas differ more in detail than in principle. My own preference is for Senate bill 722, introduced by Senator PAUL H. DOUGLAS. It impresses me as the one which is most carefully drafted and most likely to achieve the results for which it is intended.

There we have the opinion of the man who is regarded as perhaps the most

learned economist in West Virginia. He believes that only a measure as forceful and imaginative as Senate bill 722 can approach being an answer to today's serious economic need. I believe that his judgment should be taken into consideration by each of us as we ponder this most vital legislation.

Mr. President, the provisions of the bill have, of course, been carefully studied in the committee, and they are explained in the committee report, which is available to all Members of the Senate. But I wish to refer to them here.

Under the provisions of Senate bill 722, there will be established, within the executive branch of the Government, an Area Redevelopment Administration. Such Administration shall be under the direction and control of an Administrator appointed by the President, by and with the advice and consent of the Senate. To advise the Administrator in the performance of functions authorized by the act, an Area Redevelopment Advisory Board would be created. The Board would consist of the Administrator as Chairman, and the Secretaries of Agriculture; Commerce; Defense; Health, Education, and Welfare; Interior; Labor; and Treasury. Also on the Board would be the Administrators of the General Services Administration, the Housing and Home Finance Agency, and the Small Business Administration, together with the Director of the Office of Civil and Defense Mobilization.

The Administrator would appoint a National Public Advisory Committee on Area Redevelopment, composed of 25 representatives of labor, management, agriculture, and the public in general. This committee would make, to the Administrator, recommendations relative to the carrying out of his duties under the act.

The Administrator could also call upon representatives of interested governmental departments and agencies, together with representatives of transportation and other industries, including agriculture, for the purpose of conferring about problems creating unemployment or underemployment.

In the act are set forth certain criteria whereby the Administrator would be guided in designating certain areas as industrial redevelopment areas and rural redevelopment areas. The Administrator would have access to pertinent studies, information, and data collected or compiled by departments, agencies, and instrumentalities of the Federal Government, State, and local governments, universities and land-grant colleges, and private organizations.

The Administrator would be authorized to make loans to industrial redevelopment areas for the purchase or development of land or facilities, including machinery and equipment, for industrial usage. Loans could also be made to such areas for the construction, rehabilitation, alteration, conversion, or enlargement of factory buildings for industrial use. Such financial assistance could not be extended for working capital or to assist establishments relocating from one area to another when such assistance would result in substantial

detriment to the area of original location, by increasing unemployment. A revolving loan fund of \$100 million would be created for these purposes, these funds to be borrowed by the Administrator from the Treasury.

In the making of such loans the Administrator would determine that the project involved would be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment, and no loan assistance would be extended unless the financial assistance applied for was determined not to be immediately available on reasonable terms from private lenders or other Federal agencies. The Administrator would advance such loans only after making a determination that a reasonable assurance of repayment existed. Loans would be made for periods of up to 30 years; and the Administrator would be permitted to extend such loans for a period of not to exceed 10 additional years, if such extension or renewal would aid in the orderly liquidation of such loan. The loans would bear a low interest rate, a rate that would not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities, plus one-half of 1 percent per annum, of which one-fourth of 1 percent per annum would be allocated to a sinking fund to cover losses on loans. This would result in a rate of about 4½ percent. Such loan assistance could not exceed 65 percent of the aggregate cost to the applicant; and a minimum of 10 percent would be required to be supplied by the State, or any instrumentality, or political subdivision thereof, or by a community or area organization, in the form of equity capital or loan capital. Nongovernmental sources would be required to provide not less than 5 percent of the aggregate cost of the project. The security for Federal financial assistance would be subordinate to the liens securing other loans made in connection with a project.

A similar \$100 million revolving loan fund, created by borrowing from the Treasury, would provide loans to projects in rural redevelopment areas.

A third \$100 million revolving loan fund, such moneys being borrowed from the Treasury, would be created for the purpose of making loans to areas needing construction, rehabilitation, alteration, expansion, or improvement of public facilities. These moneys could also be used in financing the purchase or development of land for public facility usage. These loans would carry an interest rate of one-quarter of 1 percent per annum above the rate equal to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury. These loans would mature not later than 40 years after the date such loans were made.

It is obvious that certain redevelopment areas throughout the country would be unable to qualify for loans for public facilities, thus excluding the possibility of their undertaking certain industrial projects. In these instances, the Administrator would be authorized to make grants if he found that the

project would provide more than a temporary alleviation of unemployment or underemployment in the area, and if such financial assistance would improve the opportunities in such area for the successful establishment or expansion of industrial plants.

A \$75 million appropriation is authorized by the bill for the purpose of making such grants.

The Administrator would be authorized to provide technical assistance to redevelopment areas, and for this purpose appropriations are authorized by the bill in an amount not to exceed \$4½ million annually. Such technical assistance would include studies evaluating the needs of, and developing potentialities for, economic growth of the areas.

Other important features of this bill are the vocational retraining provision and the subsistence payments provision. The bill provides for the vocational training or retraining of unemployed individuals residing in, or who were last employed in, redevelopment areas. The Secretary of Labor would determine the needs and cooperate with the Secretary of the Department of Health, Education, and Welfare, and with existing State and local agencies in charge of existing vocational training programs for the purpose of assuring that the facilities and services of such agencies were made available. When additional facilities or services are needed in the redevelopment areas to meet the vocational training needs, the Secretary of the Department of Health, Education, and Welfare, after having been advised by the Secretary of Labor, would give assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of the necessary additional facilities or services.

Under section 17(a), of S. 722 the Secretary of Labor, in consultation with the Administrator, would enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor would make payments to such States for the purpose of enabling the States to make weekly retraining payments to unemployed individuals not entitled to unemployment compensation and who were undergoing vocational training and retraining under the act. The original bill provided that these payments would be made for a period not exceeding 13 weeks, but I introduced an amendment in the committee to extend the payment to a maximum of 16 weeks, and the amendment was adopted. Such payments would be made only during the period in which the individual was receiving vocational training or retraining under the act.

Ten million dollars is authorized by the bill for the subsistence payments. The Secretary of Labor and the Administrator are authorized to prescribe the necessary rules and regulations to carry out the provisions of the section.

Mr. President, S. 722 would achieve the humanitarian ends which we all desire—but it would do it, not through a giveaway program, but through a sensi-

ble, practical effort, an effort to revitalize the entire economy of the blighted sections. S. 722 goes deep into the heart of the American philosophy of government, for it is sound, hard-headed and businesslike. S. 722 would support private enterprise and community growth and rehabilitation. S. 722 would create wealth, not just spend it. The bill would cut down the inflationary process and promote productivity. It would not hand out government largesse, but would, instead, have the Government serve as a banker with insistence upon getting its money back, with interest.

It is my sincere belief that S. 722—instead of being a “big spending” bill, as some have called it—actually would save money in the long run for the American Government and the American people. Think of the staggering sums now being paid out across the Nation for unemployment compensation benefits and the other heavy expenses that are incurred when the solvent citizens must support the insolvent. During 1958 alone, the amount spent to support the unemployed was well over \$4 billion. That figure includes \$3.5 billion paid through State unemployment compensation programs, \$318 million in the Federal Temporary Unemployment Compensation program, \$81 million in the two unemployment programs for veterans, \$452 million in payments to unemployed Federal workers, and almost \$230 million in payments to unemployed railroad workers. There is still more cost—an amount almost impossible to calculate—in the added burden which joblessness places upon other welfare programs not directly connected with unemployment.

Therefore, if the redevelopment program of S. 722 is put into effect, each new job created by it will mean a saving to the taxpayers, through a lessening of the tremendous expense of unemployment compensation and other welfare programs. It would mean a saving for the public, for industry, for government, and for the Nation as a whole.

To illustrate the inroads of unemployment compensation costs, I should like to read a paragraph from testimony which was gathered in my own State of West Virginia 2 weeks ago in public hearings of the Subcommittee on Production and Stabilization. In the opening testimony of the series of hearings the Governor of West Virginia said:

During the calendar year of 1958, West Virginia paid unemployment compensation benefits totaling nearly \$59 million. Payments in this volume have a marked effect on the department of employment security trust fund, and on the State's industry. During the month of January of this year (1959), 12,225 workers filed initial claims and drew their first unemployment payments. These disturbing numbers indicate the lingering effects of our industrial change and point even more dramatically to the need for a permanent solution.

Do not these words show part of the crushing burden of unemployment? And would it not be preferable for the taxpayers of America to join in a loan program to stimulate new jobs, rather

than continue to support, with no hope of getting their money back, the expenses incurred through unemployment and welfare payments. To me, it seems just plain good commonsense to reason that it is better to give men a chance to work, rather than support them when they are out of work.

Mr. President, S. 722 would permit the Federal Government to help distressed areas to help themselves. It is important to our national welfare, because it would enable those depressed areas which have sound economic potential to transform themselves into productive communities enjoying a standard of living comparable to that enjoyed by the country as a whole. No longer would these vital human resources be wasted. I do not say that this bill is a panacea nor do I maintain that its beneficial results would immediately accrue on the day of its passage. The effectiveness of the measure will depend, in considerable part, on local initiative in the communities affected. The people in the depressed areas, in the final analysis, will have to help themselves, but this measure provides the key whereby the door to risk capital may be secured.

Throughout the field hearings which I conducted, I heard testimony again and again which expressed the need for long-term, low-interest capital. I can point to page after page of testimony in the printed hearings stating that risk capital—long-term, low-interest-rate capital—is simply not available to the people of West Virginia. In our State of West Virginia we do not have a single bank with total resources of \$100 million. I am informed that 80 percent of the banks of West Virginia have total resources of \$5 million or less.

This bill is needed to provide the financial resources with which persons in these communities, who have determination, resourcefulness, and imaginative vision, can lift themselves up by their own bootstraps. S. 722 provides the bootstraps. I contend that it is a good piece of legislation which, if properly administered, will help in the long run to remove these economic eyesores and prevent them from becoming malignancies on the body politic.

It will be an investment in America, an investment in productivity, an investment designed to bring economic life and vigor to areas that are blighted, an investment which will give new hope to despondent peoples.

Carlyle once said these words:

Our grand business undoubtedly is, not to see what lies dimly at a distance, but to do what lies clearly at hand.

Surely the moral conscience of the country, its economic health, our world prestige, and our duty to our own people demand that S. 722 be passed—and quickly.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I yield.

Mr. DOUGLAS. I thank the junior Senator from West Virginia for one of the most moving addresses I have ever heard. It is made from a background

of a wealth of personal testimony indicating the seriousness of the unemployment situation in his own beloved State of West Virginia.

The junior Senator from West Virginia and his colleague [Mr. RANDOLPH] have been most helpful in this entire effort. As the Senator stated, from time to time he and his colleagues conducted hearings in West Virginia on this issue.

As appears from page 1042 of the hearings, that there was introduced into the testimony a report filed by Dr. Laird, of Montgomery, which I find most impressive, and which I should like to read, after which I wish to ask the Senator from West Virginia a question or two about it. I believe Dr. Laird is in charge of the Laird Memorial Hospital at Montgomery. He filed a report which reads as follows:

On December 8 a man was brought to the hospital in a state of absolute collapse. He was hardly more than a skeleton covered with skin. The emaciation was absolutely shocking. The diagnosis was starvation. He was almost completely dehydrated. After 24 hours' hospitalization, he was still weak and almost helpless, even though intravenous feedings were being administered. A few days after admission he died. The cause of death was recorded as starvation.

I ask the Senator from West Virginia if Dr. Laird is regarded in West Virginia as a reliable witness and a man of probity.

Mr. BYRD of West Virginia. Dr. William R. Laird is regarded as one of our foremost citizens, one of our finest medical men, and one of our truly great West Virginians.

He has sacrificed a great deal for his State and his people. He is a doctor who has contributed much of his own personal fortune to the building of medical clinics and institutions. Throughout the years I have known him I have found him to be one of the most highly respected, admired, and revered men in West Virginia, not only among members of the medical profession, but throughout the entire citizenry.

Mr. DOUGLAS. Would the Senator say that there is no possibility that he would exaggerate the situation or misstate this particular case?

Mr. BYRD of West Virginia. He would not.

Mr. DOUGLAS. I was also impressed by other testimony. Among such testimony I find that of Mrs. T. R. Fulton, a social worker in the Monongalia County Health Department, at Morgantown, W. Va. I read from her statement, beginning on page 1333 of the printed record of hearings:

I have known about 700 children in the health department. I work only one-third of a week, and half of that time is in clinic. I have been in those homes, and these are the things I see: People living in houses without heat, houses without roofs, houses without utilities. I see children going to school without shoes and without warm clothing. I see houses and homes where children have nothing to eat except surplus commodities and the canned goods which their parents put up in the summer that they got from the fields and the bushes.

I know the schools can tell you how many children are going on the free-lunch pro-

gram and how many can't get on it because they haven't money in the free-lunch program to take care of it.

Senator BYRD. Has the situation deteriorated from, say, what it was 2 years ago, 3 years ago?

Mrs. FULTON. It has deteriorated badly. This is as bad as I saw in 1932 and 1934 in Baltimore. This is the first time I have seen children actually without shoes in the snow. It is worse.

I see illness untreated because of persons who are so ashamed of having no money they are not willing to ask a doctor, who has given him more than he should of medical care, for more medical care. They can't get operations, and they can't get medicine. I know this is true.

I see young people leaving school because they are embarrassed at how they look and what happens to them. I see them wanting to get work and not being able to find it. I see them trying to get in the Army, and they can't get in the Army. They can't pass the physical tests. They are so hungry and they have been without proper food so long they just don't meet any of the eligibilities.

I see fathers leaving home and bad things happening to their families while they hunt for work. If they are lucky enough to work, then there isn't near enough money to move a family of 6 or 7 or 8 to a new town where the rent is 10 times as much. There isn't enough money to pay for room and board and to send something home to take care of the wife and children.

And when you add to this that our legislature hasn't appropriated enough money to any of our public assistance programs that we can give them enough to eat and enough to manage on, and when you add to that, that this county is so poor that the United Fund can't make its goal, and there is no voluntary money, you see people in very bad circumstances.

You can take what I say and multiply it by five with the public health nurses who visit all the time. They have been in 15 times as many homes as I have been in. And we know, because we see every week children whose illness stems more from being hungry than from any functional disease.

May I ask if Mrs. Fulton is regarded as a competent witness?

Mr. BYRD of West Virginia. She certainly is. She is a very reputable person and a witness who, I believe, gave the committee very telling testimony. It was a privilege to have had the opportunity to hear this lady speak, out of the great storehouse of her experiences.

Mr. DOUGLAS. We tend to become insulated here in Washington. There is poverty all about us, but it is hidden from us. A great deal of the publicity which has issued from the official departments downtown has been to the effect that we are rapidly getting out of the recession, and that there are no real human problems with which we must deal. An attempt is being made to more or less to anesthetize the conscience and awareness of the American people.

I wish every Member of the Senate could have been present tonight to listen to the able Senator from West Virginia. It is true that those who are not physically present usually read the RECORD, and they will know second hand, at least, something of the very moving testimony which the Senator has produced.

I wish that this message might in some way be brought to the attention of the President of the United States. I

can remember when the President of the United States made a most eloquent plea in 1946 for the extension of the United Nations Relief and Rehabilitation Administration, to aid the children and families of the allies who had suffered during the war. It was a very humanitarian move on the part of the President. At that time my wife happened to be a member of the Foreign Affairs Committee of the House, and UNRRA, as it was called, was under very severe fire.

The present President of the United States, then Commander in Chief of the Armies, left his sick bed, where he had come down with the flu, to give eloquent testimony as to the need for UNRRA. I believe it was his testimony which was largely successful in obtaining the authorization and the appropriation from Congress.

So there is no question that the President of the United States, if he could be reached, would be found to have a warm heart. But unfortunately the President of the United States is surrounded by people who are not alert to these conditions—people with either hard hearts or impenetrable ignorance.

I hope the message of the Senator from West Virginia may get to the President, and that marked copies of the CONGRESSIONAL RECORD may be sent to him with the plea "Please read the statement of the Senator from West Virginia."

I hope the financial reporters who like to say that we are now in the 11th month of recovery may study the speech of the Senator from West Virginia. It is true that things began to look up last April; but the question is, How far have they gone?

There is a great deal of unemployment not only in West Virginia, but also in Kentucky, as the noble Senator from Kentucky [Mr. COOPER] will shortly testify, I am sure. From the coal mining regions of my own State of Illinois and from Pennsylvania, as well as from a multitude of other localities all over the country, this testimony is coming in. I hope those who at the moment are unconvinced may read and may study and may investigate. If they do that, I am sure they will become convinced.

As the Senator from West Virginia was making his very eloquent speech, my mind turned back to the English poet Thomas Hood, who a century and a quarter ago tried to penetrate the conscience of Victorian England with his account of the suffering of the working people of England. In his "Song of the Shirt" he spoke of the woman who had to work so hard and was paid so little that she virtually was starving to death. I was reminded of the lines with which Thomas Hood tried to pierce the conscience of England:

O God! that bread should be so dear,
And flesh and blood so cheap!
In poverty, hunger, and dirt,
And still with a voice of dolorous pitch,
Would that its tone could reach the rich,
She sang this "Song of the shirt!"

I congratulate the Senator on one of the finest addresses I have ever heard in what promises to be a magnificent senatorial career.

Mr. BYRD of West Virginia. I thank my beloved and delightful chairman of

the subcommittee for the kind things he has said concerning me. It does not matter a great deal whether I am heard or not. I am doing the very best I can to bring to the attention of this body the facts concerning conditions as they exist in the depressed areas in West Virginia. Words do not adequately portray these conditions. I have some pictures. They are on the table behind my desk. I trust that Members of the Senate will look at them during the remaining days that we are considering the bill. They are pictures of abandoned machine shops, deteriorating houses, idle coal tipples, and so on. They are pictures of families who are without food now and without any hope of adequate sustenance in the future.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I yield to the Senator from Kentucky, one of the authors of the pending bill, who represents a State which, like my own, is suffering from unemployment and privation.

Mr. COOPER. Mr. President, I wish to express my appreciation for the very forceful and compelling argument the able Senator from West Virginia has made this afternoon in support of S. 722. Like him and others, I can bear witness to the conditions in the mining sections of West Virginia which he has so movingly described with sadness this afternoon, because the same conditions exist in the eastern area of Kentucky, the section in which I live.

I am saddened that the Senator found it necessary to speak as he did, but I am glad that he emphasized the human aspects of the present persistent unemployment and want and suffering and hunger, which actually exist. I think it is very difficult for many people in this country to realize that these conditions exist. They do exist. I have seen them in recent months in eastern Kentucky and in some parts of western Kentucky.

I know that what the Senator has said this afternoon is true. I know the Senator will agree that even if there were a general economic recovery in the coal-producing areas of our country, these conditions would not be completely solved.

Mr. BYRD of West Virginia. That is correct.

Mr. COOPER. My reason for my joining as a cosponsor of the bill under the able direction and leadership of the Senator from Illinois [Mr. DOUGLAS], and choosing this bill in preference to the administration bill, is that I know it will take a bill of at least the sweep of this measure to make any impact upon such areas as the Senator from West Virginia has described this afternoon.

Therefore, I join others in commending the Senator upon a true presentation of the condition in his State, comparable to conditions which exist also in many other States in the Union.

Mr. BYRD of West Virginia. I thank the distinguished Senator from Kentucky. I should like to say, in regard to the comment that was made a few minutes ago by the Senator from Illinois, that I agree with him, and I believe that

the President of the United States, were he to view with his own eyes the conditions I have described, and were he to be confronted with them as some of us have been confronted with them, would understand. I think he is a man of compassion and understanding.

I join with my colleague in feeling that the President may be surrounded by persons who perhaps are not in tune with the situation, and who really think that some of the things we are saying are exaggerated. The statements I have made are not exaggerations. They are statements of fact, as I have seen the conditions.

I trust that in the hours which lie just ahead, the Senate and the House of Representatives will act to pass S. 722, and thus make it possible for the President to have the opportunity to sign it.

The President is very strong in his support of the mutual security bill, legislation which will provide assistance to other countries. As a member of the House Committee on Foreign Affairs for 6 years, I recognize the need for our country to give assistance to some of the other countries of the world. But I cannot believe that it is necessary for the United States to continue to pour out its fortune in 64 countries, as it did in the last year. I feel very strongly that the time has come when we should give attention to those areas in our own country which are just as badly in need of assistance as are some of the countries which are the recipients of our foreign aid moneys.

Mr. President, I ask unanimous consent to have printed at the end of my remarks the names of the persons who appeared during the 3 days of field hearings in West Virginia, and who gave testimony to the subcommittee.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BYRD of West Virginia. Mr. President, I express my gratitude to those fine leaders and citizens of West Virginia, the men and women who came from all walks of life, from industry, agriculture, and the ranks of labor, and who spoke out of their hearts to the subcommittee. I know that they spoke with confidence that this great body would respond, as I am hopeful and as I feel certain it will respond within a very short time, by enacting S. 722, the area redevelopment bill.

Mr. CARROLL. Mr. President, will the Senator from West Virginia yield?

Mr. BYRD of West Virginia. I yield.

Mr. CARROLL. I join with those who have commended the very great, humanitarian, heart-warming speech which the junior Senator from West Virginia has given today. The subject matter of Senate bill 722 is one which has been worked on by the distinguished senior Senator from Illinois [Mr. DOULAS] since I first came to the Senate as a very junior Senator 2 years ago. He has been unrelenting and unremitting in his efforts on behalf of this type of legislation, because he knew then, as we know now, that such legislation is necessary in all areas of the country.

There are areas in my State of Colorado which are not nearly so desperate as those in the depressed areas of West Virginia or Pennsylvania or other States. The bill does not really cover some of the areas of my State which need help. My point is not that Colorado does not need help; but Colorado is perhaps more fortunate than the other States whose conditions have been described to us by both the distinguished Senators from West Virginia.

Although the bill does not specifically apply to my State, I know of the suffering, poverty, unemployment, and heart-breaking conditions of many people throughout the Nation. I sincerely hope that there will be such an overwhelming vote for the passage of the bill that the executive department will recognize the importance of it to the people of the Nation.

I again commend the very able and clear presentation made by the distinguished junior Senator from West Virginia.

Mr. BYRD of West Virginia. I share the hope which has been expressed by the able Senator from Colorado that the measure will pass by such an overwhelming majority that it will impress itself in such a manner upon the Chief Executive of the Nation that he will not hesitate to attach his signature to it. I appreciate the fact that even though Colorado has not experienced the kind of suffering which the people of West Virginia are undergoing, nevertheless the Senator intends to support the measure.

I feel very strongly that if there were not a single unemployed person in West Virginia, I would support legislation of this kind, because I am, first of all, a Senator of the United States; and if there is suffering anywhere in the country which contributes to the weakened security of the Nation, I should help to alleviate it. I do not feel that simply because suffering and unemployment may be confined to a few areas, we should not be mindful of the fact that the country as a whole is affected.

The bill is important to the security of our Nation. It is important to the national defense. If people are to defend themselves, they must have the heart and soul, the backbone and courage, to do so. If they are hungry and have lost confidence in their Government, they will not have the determination and the will-power which are so necessary to stand firm when the chips are down.

Mr. RANDOLPH. Mr. President, will my colleague yield again?

Mr. BYRD of West Virginia. I gladly yield.

Mr. RANDOLPH. The Senators who have spoken, all conscious of the problem we face, and working cooperatively to bring about a sensible solution, have demonstrated a togetherness which I hope will be reflected in a substantial majority early next week when votes on amendments and the vote on the passage of the bill will be taken.

It has been indicated that the President, if the matter is properly brought to his attention, will respond affirmatively. I shall only reinforce what certain Sena-

tors have so well said that this is more than a West Virginia problem, more than an Illinois problem, more than a Kentucky problem. It begins, to a very considerable degree, to spread to other areas of the country. The President himself recognizes this fact, because he has invited at least eight Governors to a conference next Monday concerning the matter of unemployment. He apparently believes serious problems are coming to the surface, and to an extent which he had not recognized before.

So I say to my able colleague from West Virginia that we hope the ground swells are moving in, not to blow this subject out of proportion, but to bring it into true focus.

Mr. President, those of us who are here will long remember the speech of the Senator from West Virginia [Mr. BYRD]. We shall recall his graphic portrayal of existing conditions. In his presentation of them, he has not overstated the case. He has submitted to the Senate factual evidence, in no wise exaggerated.

The lights will be dimmed in a few minutes in this Chamber. A speech such as that which Senator ROBERT BYRD has given tonight will keep aglow this forum. Let us leave here with a determination to secure the passage of S. 722.

When the doors are closed this evening, the words which the junior Senator from West Virginia has spoken will not be closeted. These sentiments will linger to stimulate and challenge.

Mr. BYRD of West Virginia. Mr. President, I thank my colleague for his compliments. I do not feel that I deserve them.

I have only done my best, and in doing my best, I have done my duty.

I yield the floor.

EXHIBIT 1

Anderson, E. W., mayor, Princeton, W. Va.
Anderson, Harry, managing director, Beckley (W. Va.) Chamber of Commerce.
Angotti, S. J., for the mayor, Morgantown, W. Va.

Arnold, Gilbert E., Terra Alta, W. Va.
Ash, Henry L. director, West Virginia Department of Employment Security.

Beacom, J. Patrick, city director, Fairmont, W. Va.

Bean, Ralph J., president, Senate of West Virginia.

Bennett, Hunter, attorney, Weston, W. Va.
Bozman, A. S., Retail Business Bureau, Morgantown, W. Va.

Bragg, L., Raleigh County, W. Va.
Brown, Bonn, attorney, Elkins, W. Va.

Brown, Charles H., Kingwood, W. Va.
Chambers, Howard B., sheriff, Mingo County, W. Va.

Chenoweth, Rev. R. J., Methodist Church, Oak Hill, W. Va.

Clary, Lt. Marshall, Salvation Army, Morgantown, W. Va.

Clemens, Clifford, Marion County, W. Va.
Comstock, Jim, Richwood, W. Va.

Cook, Rev. Dr. Alvin J., West Virginia's Governors Committee on Employment of the Physically Handicapped.

Crislip, Don, executive director, West Virginia's Industrial and Publicity Commission, accompanied by Stanley Higgins.

Cuppert, Herbert G., recording secretary, Local 13200, United Mine Workers, Morgantown, W. Va.

Cutlip, Dock, Webster Springs, W. Va.

Davis, Dustin F., general manager, Mountain State Fabricating Co., Clarksburg, W. Va.

Dean, Summers I., Huntington District Labor Council.

Douglas, Gus, assistant commissioner of agriculture, State of West Virginia.

Eavenson, Donald, president, Local 13200, United Mine Workers, Morgantown, W. Va.

Egbert, Thomas R., director, Department of Public Assistance, West Virginia.

Eichelberger, Glen, councilman, Davis, W. Va.

Enrico, Gasper, Morgantown, W. Va.

Evans, Joseph, Grafton, W. Va.

Ferris, Si, Rowlesburg, W. Va.

Field, John A., Jr., tax commissioner, State of West Virginia.

Fishman, Dr. Leo, professor of economics and finance, West Virginia University.

Frankel, Harold, mayor, Huntington, W. Va.

Fulton, Mrs. T. R., social worker, Monongalia County Health Department, Morgantown, W. Va.

Garrett, A. I., Charleston, W. Va.

Gillespie, Forest B., Raleigh County, W. Va.

Gills, J. P., Bluefield, W. Va.

Gilmore, Clarence H., mayor, Davis, W. Va.

Glover, Charles S., Marion County, W. Va.

Goldman, Phil, president, Elkins (W. Va.)

Independent Development Corp., Elkins, W. Va.

Haddad, M., Summersville, W. Va.

Hamilton, Pat R., Oak Hill, Fayette County, W. Va.

Hartong, John C., Mageday Electric Products Corp., Beckley, W. Va.

Hash, Mrs. John W. president, Kanawha Welfare Council, Inc., Charleston, W. Va.

Hechler, Ken, a Representative in Congress from the State of West Virginia.

Henderson, Virgle, Morgantown, W. Va.

Henderson, W. K., Marion County, W. Va.

Henry, Andrew L., Greater Fairmont (W. Va.) Development Association.

Horvath, Nick J., field representative, District 50, United Mine Workers.

Housman, B. B., Bluefield, W. Va.

James, Ernest W., mayor, Clarksburg, W. Va.

Johnson, J. T., commissioner of agriculture, State of West Virginia.

Johnson, Truman, Northern West Virginia Coal Association, Fairmont, W. Va.

Kennell, Richard, West Virginia State labor commissioner.

Lewis, Raymond, District 17, United Mine Workers.

Lightburn, Miss Mary D., employment counselor, western office, West Virginia Department of Employment Security.

Linger, C. B., Terra Alta, W. Va.

Manchin, A. James, Webster Springs, W. Va.

Martin, Ray L., Raleigh County, W. Va.

McCartney, James R., managing director, Chamber of Commerce, Morgantown, W. Va.

McCoy, J. E., Bluefield, W. Va.

McSpadden, M. L., West Virginia Department of Employment Security.

Miller, Harry, Manheim, W. Va.

Over, Orville F., city manager, Clarksburg, W. Va.

Pantoplus, Clarence, Mageday Electric Products Corp., Beckley, W. Va.

Pauley, Harry R., speaker, House of Delegates, West Virginia.

Polan, Dr. L. M., Polan Industries, Inc., Huntington, W. Va.

Prince, Elmer W., city manager, Morgantown, W. Va.

Randolph, Jennings, a U.S. Senator from the State of West Virginia.

Russell, Thomas W., editor, the Sentinel, Grafton, W. Va.

Sellman, Marc, president, Nonpartisan Association, Clarksburg, W. Va.

Shannon, Mary, Huntington, W. Va.

Smith, Calvin, administrator, City Hospital, Grafton, W. Va.

Smith, Robert, Richwood, W. Va.

Smith, S. G., county commissioner, Kanawha County, W. Va.

Smyth, Howard, Morgantown, W. Va.

Spencer, Sterling, Richwood, W. Va.

Spiker, Lynn, Lewis County agricultural agent, Weston, W. Va.

Squires, Ray, president, Lewis County Court, Weston, W. Va.

Stanley, Miles C., president, West Virginia Labor Federation, AFL-CIO.

Stout, Allen L., secretary, Parkersburg, W. Va., Building Trades Council.

Thurmond, Walter R., Charleston, W. Va.

Titler, George J., president, District 29, United Mine Workers.

Trembley, C. E., Terra Alta, W. Va.

Trotter, James F., president, Northern West Virginia Coal Association, Fairmont, W. Va.

Tsutras, Frank G., managing director, Tug Valley Chamber of Commerce, Williamson, W. Va.

Underwood, Cecil H., Governor, State of West Virginia.

Urbanak, Cecil J., president, District 31, United Mine Workers.

Van Gilder, Merl, Marion County, W. Va.

Walker, C. E., president, Raleigh County, W. Va., Educational Association.

Williams, Delbert E., West Virginia branch manager, Small Business Administration.

Winkler, Grant, Webster Springs, W. Va.

During the delivery of the speech of Mr. BYRD of West Virginia on the area redevelopment bill:

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I am delighted to yield to the Senator from Pennsylvania.

Mr. CLARK. I very much appreciate the courtesy of my friend from West Virginia.

Mr. President, I ask unanimous consent that my remarks may appear at the end of the prepared address of the Senator from West Virginia.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CLARK. Mr. President, the distinguished junior Senator from West Virginia has just made an outstanding and very moving address on the pending bill, for which I should like very much to commend him. He has said so eloquently what some of the rest of us feel about this measure that I can be quite brief in my remarks.

Both political parties have endorsed the principle of aid to areas of heavy and chronic unemployment in their platforms. The President has endorsed the objective. The Congress last year passed a bill by decisive majorities.

So the issue is no longer one of principle or objective. The issue is one of detail—of the means to the end on which there is broad and general agreement.

The question is whether S. 722 is soundly conceived and properly drawn.

I submit that it is an excellent bill. It will do the job for which it is designed. It is an economical bill, which will save the taxpayers more money than it will cost. In its details, it has been improved over the bill we passed last year, and some adjustments have been made to meet some of the objections stated in the President's veto message.

Mr. President, this bill means perhaps as much to Pennsylvania as will any bill which will come before the Congress this year. To us, it is the difference between

giving hope to our hard-hit communities or condemning them to wither away.

The question is whether we appropriate some Federal money—most of which is in the form of loans to be paid back—or whether we tell these communities that it is national policy to let them become ghost towns.

I say, let us preserve these communities and their homes and schools and churches. Let us avoid the enormous social waste of forcing people to pull up stakes and leave. Let us save the heavy economic cost of unemployment compensation and public assistance in these islands of distress.

Mr. President, Pennsylvania does not come to the United States like a mendicant, cup in hand, asking for a handout. Quite the contrary, Pennsylvania appeals to you today as a Commonwealth whose people are undertaking heroic measures of self-help and whose State government is setting the pace for all of the States of the Union in its own appropriations to assist in developing industry.

Our communities have raised millions of dollars by popular subscription and payroll deductions which have literally built our funds dollar by dollar. Our Commonwealth has appropriated \$10 million of State funds, and the Governor has asked for \$10 million more in the budget now pending before the legislature. But this combined effort has not been enough—and will not be enough—to fill the employment vacuum created by the decline of the coal industry, the decline of the textile industry in the North, and the loss of jobs through increased output per worker in such basic industries as steel. The Federal Government has a responsibility too.

The Governor of Pennsylvania, the Honorable David L. Lawrence, has presented to both the Senate and the House Banking and Currency Committees a full report on the problems of Pennsylvania's unemployment areas and on what our Commonwealth and its people have done to help ourselves.

I ask unanimous consent, Mr. President, that the statement of Governor Lawrence submitted to the House committee this week, which brings up to date the testimony presented earlier to the Senate committee, be inserted in the Record at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT OF GOV. DAVID L. LAWRENCE OF PENNSYLVANIA

First, I want to thank the subcommittee and its distinguished chairman, Mr. PATMAN, for this opportunity to present the Pennsylvania position on Federal area redevelopment legislation.

In the short time I have been Governor of Pennsylvania, I have presented statements before committees of the Congress three times—once on the desperately needed housing and urban renewal legislation, and now, for the second time, following my recent appearance before the Senate committee, on the equally desperate need for legislation on Federal aid for area economic redevelopment.

There is nothing pending before the Congress of greater direct importance to Pennsylvania than the proposals for Federal aid

on urban redevelopment and area redevelopment of our distressed areas, the latter of which is the subject of your hearings today.

In preparing this statement I have reviewed the provisions of the area redevelopment bills introduced by the eminent chairman of your parent committee, Mr. SPENCE (H.R. 3505) and Mr. FLOOD (H.R. 3466). I note that they are identical with respect to all major points, and I want to endorse them wholeheartedly. I note, also, that they take the same line as the bill introduced by Senators DOUGLAS and CLARK and a very large number of their colleagues from both parties.

Pennsylvania is proud that two of her own leaders in the Congress, Senator CLARK and Representative FLOOD, have taken so aggressive a role as proponents and authors of this program, and that others of our Pennsylvania congressional delegation are identified with proposals which, while differing on major and minor points, nonetheless are solidly behind the need for Federal legislation in this matter.

I do believe, however, that the provisions of the legislation as proposed by Mr. SPENCE and Mr. FLOOD (carried also in the Douglas-Clark bill) are to be preferred, and this statement is in support of those provisions and the action program that would ensue from them.

We cannot emphasize too strongly our concern with Federal area redevelopment legislation. Such a program is vital to the economic well-being of our Commonwealth. Today, Pennsylvania has more than its share of areas of chronic economic distress. It faces no greater problem than finding a cure for this long-term unemployment.

The passage by Congress of a Federal area redevelopment program during the previous session was most encouraging to the people of Pennsylvania. The President's veto was a bitter disappointment. We hope the Congress will pass a really effective bill in this session, and that the President will see his way clear to sign it.

Pennsylvania is no Johnny-come-lately in the matter of the distressed area problem. It has lived with it for a long time and is still living with it. Over 500,000 workers are jobless; 11 percent of its labor force is unemployed. This in a State that ranks second in manufacturing and the production of coal and third in population.

Even in 1957, a year of national prosperity, one-fifth of our people lived in areas of substantial labor surplus.

When things are bad nationally, they are worse in Pennsylvania.

Why? For two reasons:

First, the long term decline in our basic industries has left communities and workers stranded.

Second, we're a heavy manufacturing State, and heavy manufacturing was hardest hit in the recent recession.

Coal was king, but no more. Thirty years ago, production of anthracite was at its peak; 150,000 men were at work. Last year, only 20,000 jobs were left. But hard coal is still the hard core of the economy in these northeastern counties. There is little agriculture, and not enough plants where a man can work. The switch from coal has cut away the economic base.

Bituminous coal forms the rest of our coal picture. Production has held up better than anthracite. Yet employment here also has consistently declined. Mine mechanization and the growth of surface or strip mining has resulted in the output of more coal with fewer workers. Our central and southwestern counties, which comprise our bituminous area, continue to be depressed. This chart shows the radical decline in jobs in the entire coal industry.

What has happened to coal has happened to railroads. Railway shop and maintenance employment was the backbone of communities such as Altoona, Renovo and Dunmore.

The arrival of the diesel engine and heightened competition from other sources drastically reduced employment.

We have also lost 60,000 jobs in the textile industry. And 36,000 in the steel industry in the last 8 years, thanks to modernization of steelmaking processes.

As you can see, we have lost jobs in our four major industries during a period of rapid economic and population growth for the Nation as a whole, and not enough new industry has come in to take up the slack.

Since the beginning of the recent recession 11 additional areas in Pennsylvania—6 of them major metropolitan areas—have been classified as areas of substantial labor surplus. This brings to 23 the number of areas so classified.

This map, showing the location of these classified areas, also shows other smaller areas which would qualify as areas of substantial labor surplus. Only 9 of Pennsylvania's 67 counties do not have a labor surplus.

Of the 23 classified areas, 12 would qualify for assistance under this legislation.

These 12 areas are:

Major Areas: Altoona, Erie, Johnstown, Scranton, Wilkes-Barre-Hazleton.

Smaller Areas: Berwick-Bloomsburg, Clearfield-DuBois, Lewistown, Lock Haven, Pottsville (Schuylkill County), Sunbury-Shamokin-Mt. Carmel, Uniontown-Connellsville.

Unemployment in these areas runs as high as 24 percent in Uniontown and Connellsville—one out of every four workers. The severity of unemployment in each of these areas is shown on this chart. (Charts omitted in RECORD.)

Pennsylvania's disproportionate unemployment has cost the Federal and State taxpayers billions of dollars. Between 1950-58 \$1.6 billion was paid out in unemployment benefits, and another billion dollars was doled out in public assistance.

A substantial part of these payments went into these hard-hit communities. Only one-sixth of the labor force lives in these areas, yet 30 percent of all payments went to them.

Unemployment compensation and public assistance in our 12 major areas alone, totaled \$558 million. If unemployment in these areas had been reduced to 3 percent of the labor force, \$306 million in unemployment compensation benefits and \$67 million in public assistance payments could have been saved. Thirty-one million dollars of this \$67 million came from the Federal Government.

It costs far less to create new jobs by one-time investments than it does to underwrite joblessness by continuing subsidies.

As you can see from these figures, the unemployment bill in our State alone for the last 5 years could have financed the Douglas bill for the entire country.

It is for all these reasons that Pennsylvania is here making a plea for Federal aid for area economic redevelopment. It is for these same reasons that Pennsylvania is already deeply involved in a program of self-help on this same problem. Pennsylvania does not believe it would be proper to come here with this plea without being willing to carry her share of the burden, and without having, first, done her best to lick the problem on her own.

Avoiding tedious detail, here is the story of Pennsylvania's effort to cope with the problem of distressed areas:

1. Between the end of World War II and September of 1956, 52 Pennsylvania communities financed the construction of 151 factory buildings costing \$54 million that in normal times employ 31,000 factory workers. They did it with a combination of mortgage loans from banks and funds raised in local subscription drives. Virtually all of these plants are in distressed areas;

2. Beginning in September 1956, the State, itself, through the new Pennsylvania In-

dustrial Development Authority, joined with distressed area community groups, banks and insurance companies, in more of this same kind of financing. Since that time they have jointly financed, or are in the process of financing, 77 additional plants and plant expansions, costing almost \$30 million, creating just over 13,500 new factory jobs; in this period of just under 3 years, the State has appropriated \$10,200,000 for these industrial loans, and another \$10 million appropriation for the same purpose is presently before the general assembly in my recommended budget;

3. We now have 43 slum-clearance-urban-redevelopment authorities, created by Pennsylvania municipalities and counties to eliminate urban blight. Most of them are in our distressed areas, where tax revenues have not been adequate to maintain modern facilities and services, and where unemployment and underemployment has left us with extensive residential blight. The State makes cash grants to these local authorities for slum clearance work. Since 1949 the State has appropriated \$12 million toward this work, \$8 million of it during the past 3 years. My present budget recommendations propose another \$10 million for the purpose. We are most grateful for past Federal aid in this program, each State and local dollar being matched 2 to 1 with Federal funds; we have made an earnest plea that the Federal program, which broke down last year, be resumed, expanded and made a continuing thing upon which municipalities can count for the next several years;

4. We have almost 100 communities—most all of them in our distressed areas—at work, under the Federal urban planning assistance program, making comprehensive planning studies to eliminate the results of topsyturvy growth, slums and the like, and make themselves efficient and attractive for industrial expansion and better living.

But these efforts have not been enough. In coal, in railroading, in steel technological and market changes are displacing more and more of our people from employment. There is a grave shortage of job opportunities for on-coming youth. Even where production rises substantially, as in steel, fewer workers are required. We are attracting many new industries. We are no longer losing industries, except in rare instances. But we continue to lose jobs in our existing basic industries. And our gains in new jobs coming directly and indirectly from expanding and new industries is simply not enough to balance our job losses and pull us out of the red and on the way toward our complete, State-wide economic redevelopment.

We are completely convinced that we shall achieve that goal, in our distressed areas and statewide, only with a special program of Federal aid of the type Messrs. SPENCE and FLOOD have projected. Their proposals deal directly with the practicalities of the problem, as we see that problem.

We note with real interest that this is not a program for urban centers of economic distress alone. It is also a rural program. Most of our agriculture in Pennsylvania is prosperous. But not all of it. We have many areas where a rural population, once hard at work at lumbering and farming, now finds itself in the low-income levels mentioned in the proposed bills, and without the alternative job opportunities new industry can provide. Yet, industry has not come into those areas. We believe the provisions for industrial loans proposed for such rural redevelopment areas will create the incentives and inducements that will bring industry to such areas.

Accordingly, I have these specific comments on major provisions of the legislation:

1. The bills I am discussing provide \$100 million for industrial loans in urban redevelopment areas and a like sum for such loans in rural redevelopment areas. This

proposed \$200 million will at least assure an all-out attack on the problem. Too often in Federal programs of the past we have done "too little too late," with the result that precious Federal tax dollars have been dissipated in ineffectual projects and programs. If the Federal Government is to enter this field, it should do so on an adequate basis. Further, the wisdom of the \$200 million of funds that would be available under this legislation assure that there will be continuity in the program over the initial years when it will meet its severest test; funds in this amount remove the danger of uncertainty stemming from year-to-year appropriations during that period.

2. We especially endorse the provision that Federal industrial-loan assistance be limited to 65 percent of the cost of projects, with the balance from other governmental, private, or civic sources. As I have indicated, our own communities and the State itself have done and stand ready to do their share of financial participation in this type of industrial financing.

3. We have found, too, that our banks, within the limits of their resources and regulatory requirements, will enter into industrial financing in distressed areas. We think the provisions of the legislation that require private financing to be used wherever and to the extent available are extremely wise; the provisions for subordination of Federal loans, both as to repayment and security, will tend to assure the maximum flow of private investment funds into this redevelopment program.

4. In the State community bank type of industrial financing we have underway in Pennsylvania, we have found that the low interest rates on the nonbank segment of the financing of a given project has been a very real, tangible factor in encouraging companies to enter our distressed areas with new production facilities. We are, therefore, highly encouraged to see that the proposed legislation would establish an interest rate policy providing this same kind of inducement factor.

5. I do not believe that the distressed areas of Pennsylvania can finance the public facilities they need in order to attract and accommodate industry without special Federal aid. Their declining revenues have left them without the tax base, the tax revenues, or the private borrowing capacity to do that financing. They are doing and will do what they can. For the rest, they are in dire need of access to the new source of credit and liberal borrowing terms that would be available in the \$100 million authorized for public facilities loans under the proposed legislation—and they will need, also, access to the \$75 million authorized for outright Federal grants for public facilities;

6. Almost by definition, the problem of our distressed areas is a problem of people transferring from occupations in declining industries to occupations in types of industrial and business pursuits for which they are not trained. I therefore heartily endorse the provisions of the legislation looking toward special Federal assistance in vocational training and retraining.

7. I have referred to the planning and urban renewal activities underway in a very large number of our Pennsylvania distressed area communities, and the extensive problem of residential and other blight they face by virtue of their past and present economic difficulties. The limitations of the present Federal urban renewal program, in its emphasis on the residential aspect of the matter, present a roadblock to full and adequate urban renewal in these communities. They have areas of industrial and commercial—as well as residential slums—that need to be cleared. And in many instances the reuse of these areas can and should go into sorely needed new industrial and commercial projects. We

are therefore highly pleased to see these limitations lifted, as to distressed areas, under the proposed legislation.

At the outset of this statement I trust I made clear that unemployment is a desperate problem in Pennsylvania, not only now, when we have such an enormous volume of recession unemployment, but chronically, over the years, because of readjustments in our basic industries.

Pennsylvania is a very large and great State faced with a problem that is beyond the power of private enterprise and State and local government to solve alone. It is part and parcel of our American system that people and areas caught up in the throes of such a situation turn to their Federal Government.

But Pennsylvania is not alone in this. I note that the record of the hearings on this matter carry accounts of distressed areas in other parts of the Nation—in sections of the South, in New England, in Michigan, Illinois, Indiana, Kentucky, West Virginia.

In all sincerity, I suggest that the sum of these problems in the several States adds up to a problem for the Nation itself, and a most proper object of concern for the Congress and the executive branch. Moreover, it is not a new problem. For several years there have been bills and hearings on the matter in the Congress.

The Nation is late in getting around to the problem of her distressed areas. In the meantime, those areas create a heavy drain on the financial resources of State and local government. They involve enormous losses in wasted manpower and unused resources. Most of all, their plight brings intense misery and suffering to thousands of people, through no fault of their own, misery and suffering from which they cannot possibly escape in their own in sufficient numbers to solve the problem.

For all these reasons this legislation has our wholehearted endorsement. But may I also thank its authors and this committee for the realistic hope they have given us that finally distressed areas may be about to receive Federal assistance on their problem.

Mr. CLARK. Mr. President, I also ask unanimous consent to have inserted in the RECORD at this point a tabulation of public assistance benefits paid in 12 areas of chronic labor surplus in Pennsylvania.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Total amount of public assistance benefits paid in 12 Pennsylvania chronic surplus labor areas by source of funds—State and Federal, 1953–58

	Total	State	Federal
1953.....	\$23,380,000	\$11,924,000	\$11,456,000
1954.....	26,485,000	15,096,000	11,389,000
1955.....	30,699,000	17,191,000	13,508,000
1956.....	29,291,000	15,524,000	13,767,000
1957.....	30,681,000	15,954,000	14,727,000
1958.....	33,192,000	17,260,000	15,932,000
Estimate of benefits which would have been paid annually if unemployment had been reduced to 3 percent of the labor force.....	17,746,000	9,494,000	8,252,000
Estimate of total amount which would have been saved if unemployment had been reduced to 3 percent of the labor force.....	67,252,000	35,985,000	31,267,000

Mr. CLARK. Mr. President, this table, prepared by the Director of the Bureau of Employment Security, shows the cost of public assistance in the past 6 years,

with an estimate of the savings which would have been achieved if the rate of unemployment had been 3 percent. The savings to the Federal Government would have been \$31 million, and to the State \$36 million.

The \$31 million saved for the Federal Government in these 6 years alone would, according to the estimates of the Commonwealth, have amounted to more than the prospective volume of loans which would be available to Pennsylvania under the pending bill—and I repeat that these loans are ultimately no cost at all, because they would be repaid, with interest.

Moreover, this comparison of cost and savings does not take into account the annual return to the Federal Government in increased income taxes from the economic activity that is created.

I can summarize this section of my remarks, Mr. President, by saying these figures prove what is really self-evident: That there is no economic waste greater than unemployment. It is a burden on our economy. It is a burden on public budgets at every level—Federal as well as State and local. It is a burden on our whole society. When we pass a bill that creates jobs through loans, we are passing a bill which represents true economy and a net gain in every way. S. 722 is that kind of bill.

Mr. President, I now want to turn briefly to some of the arguments that have been used against this bill, and I take as my text the minority views contained in the committee report signed by six of our distinguished colleagues. With all due respect, these minority arguments just do not stand up under analysis.

The distinguished minority argues, first, that the bill discriminates in favor of only a few of the unemployed of the United States. The answer is, of course it does. It should. The area redevelopment bill has never been conceived as a measure to relieve all unemployment in the United States. When national unemployment levels reach as high as 6 percent or more, as during this recession, obviously measures of general application must be taken.

But after national measures are taken, and unemployment nationally is reduced to a minimum level, there will still be areas which have unemployment at recession and depression levels, because of local circumstances. These areas were depressed before the recession. They were depressed during the recession. They will still be depressed after the recession is history. Their problem is chronic, not temporary. This bill is designed for that specific problem of localized, chronic unemployment. It cannot be dealt with except through such a special measure.

Second, the minority report presents cost estimates ranging up to \$5 billion. This figure is ridiculous. It is based upon assumptions which were thoroughly refuted in the hearings. I only wish that my able colleagues had either attended or read the hearings before they lent their names to any such inaccurate figures.

They arrived at their total by multiplying three figures—\$10,000 to \$15,000 per job, 65 percent as the Federal share, and 390,000 jobs to be created. All three of these figures are wrong. The \$10,000 to \$15,000 figure includes working capital and inventories, which the bill clearly and specifically excludes from Federal help. The Commonwealth of Pennsylvania has found the aggregate cost of land and buildings to be slightly over \$2,000 in the projects which we have aided. While S. 722 would permit assistance also for machinery and equipment, the extent to which loans for this purpose would be sought is problematical.

The 65 percent Federal share which the minority uses as a flat figure is a maximum, not an average. I would expect that this maximum would rarely be utilized, and the average would be far lower. Again, our experience in Pennsylvania shows that private capital normally can be found for 50 percent of the land and building cost of these projects. Moreover, States and local communities would continue to participate for a part of the remaining 50 percent.

Finally, the 390,000 figure includes every single new job required in a community to reduce its unemployment to 6 percent. This ignores the fact, which was fully discussed in the hearings, that industrial jobs automatically create service and other non-industrial jobs at a ratio in the neighborhood of one to one.

When one re-computes the cost of the basis of sensible figures, drawn from the testimony, one comes out in the neighborhood of the \$100 million provided in S. 722 for industrial areas. This figure may turn out to be slightly on the low side, but remember that the fund revolves, and repayments will be coming in to offset future requirements. Certainly, the \$100 million will suffice for a considerable period of time to come, after which we can re-appraise the situation.

With an appropriation of \$10 million, the Commonwealth of Pennsylvania has assisted in the creation of 13,500 jobs in 77 new plants. This shows how a little money can go a long way.

In any case, the minority will have to concede that if the \$100 million is too little, as they contend, the more limited figure provided by the Administration Bill would be even less adequate.

Third, the minority contends that we are including communities suffering not from chronic, but from cyclical, unemployment. They also object that the criteria for eligibility are arbitrary.

I admit that the criteria are a bit arbitrary. They have to be, because we do not want to place the Administrator in the position of having to use his own judgment in deciding who should and should not be included. We feel he should be relieved of that kind of pressure.

But the so-called arbitrary standards are very well designed to distinguish between areas which are temporarily distressed and those which are chronically distressed—which is our purpose. These standards reflect one of the major ad-

justments made in the bill to bring it more closely into accord with the Administration views. We adopted the Administration's own formula, with some modification.

Fourth, the minority views, on page 41, discuss a project for relocating a plant, as though this would be a typical project. This appears to be a subtle trap for the unwary. Everyone who has studied the bill knows that the bill is not intended for plant relocation—the money would not be used for that purpose, and the legislative history is perfectly clear on that point.

Fifth, the minority argues that the bill's basic defect is that it runs counter to the precepts of the private market mechanism. That market mechanism, it is held, should allocate industry among locations, and if that means ghost towns in Pennsylvania or Massachusetts or perpetual rural poverty in the Appalachians and the Ozarks, then so be it.

This, of course, is a legitimate philosophic position. It happens to be in disagreement with the expressed view of the Republican Party, the Democratic Party, the executive branch of the Government, and the legislative branch as expressed in our action last year. It is an obsolete philosophy, but I suppose it can be honestly held.

If the market mechanism worked perfectly to serve human welfare, this bill would never have been introduced. Every time this body attempts to deal with any aspect of the social evils of unemployment and poverty, we are interfering with the private market mechanisms. But if the private economy left to itself does produce social evils, then it is the business of an intelligent, self-governing society to improve on that private economy. I dread to think what this Nation would be like if we refrained from all such action.

Sixth, the minority repeatedly suggests that any growth brought about in the unemployment areas would be at the expense of other areas. But this is not the case. What we are talking about in this bill is promoting additional new growth in the economy. Our economy should not be static. It should be constantly growing. This bill will help it grow faster, and steer some of the new growth into areas where the most idle resources exist. Resources otherwise wasted would be put to work.

Finally, the minority speaks of duplication of the Small Business Investment Act. There is no duplication. That act is of national application. For reasons which I have stated, the areas of chronic unemployment need to be dealt with through an act of local application. To the extent to which the Small Business Investment Act does succeed in assisting the depressed areas, of course, the Area Redevelopment Administration will be relieved of that much burden. I hope it will help some. But we all know it will not solve the problem by itself.

Mr. President, this bill is not a bill for handouts. It is a bill to make the free-enterprise system work.

It is not socialism. It is free enterprise in action.

It is not charity. It is a bill to help people help themselves.

It would create wealth. It would eliminate doles.

When we bind up social and economic wounds, we help the whole body of the patient, the whole economy. No blood is taken away from any other part.

We are utilizing the brains and ingenuity and know-how of the American people to create something that did not previously exist.

So I say, Mr. President, this is a bill in the tradition of America. It is a free enterprise bill. It is a bill which should pass, and pass by a resounding majority.

TRIBUTE TO THE LATE WILLIAM (BILLY) McNICHOLS, OF DENVER

Mr. CARROLL. Mr. President, last week one of the great and respected citizens of Colorado, William H. (Billy) McNichols, Denver city auditor from 1931 to 1953, passed from this mortal scene. Requiem high mass was sung last Wednesday; and more than 800 persons from all walks of life payed their final respects to this man, who played such a prominent part in the political and business life of Denver and of Colorado.

At this time, I desire to pay my tribute to Billy McNichols as a kindly man, a conscientious public servant, a sincere fighter, and a dynamic individualist.

He was the father of Stephen L. R. McNichols, present Governor of Colorado, and of the Governor's secretary, William H. McNichols, Jr. He took great pride in the activities of his sons. His sage political advice was heeded by many who have held high positions in the political life of Colorado.

The Right Reverend Monsignor Gregor Smith expressed it well at the funeral service, when he said:

The fact that Governor McNichols is such a fine Governor indicates that he had a fine father * * *; and never was a father prouder of his son.

For more than two decades, Billy McNichols was city auditor in Denver. He was known as "the watchdog of the treasury." He was a careful guardian of the public funds, and that often entailed battles with mayors of Denver, for he believed it was his duty to protect the money of the taxpayers.

Ill health forced his retirement in 1953, after an illustrious career in public office.

Billy McNichols was 84. He was a native of Iowa. At an early age he came to the booming mining camp of Aspen, Colo.; and he resided there for many years. Before moving to Denver, in 1909, he was treasurer of Pitkin County.

He served as secretary of the Colorado Senate, as a member of the State Land Board, as Deputy State Auditor, and as Deputy Colorado Secretary of State. For many years he was secretary of the Denver Democratic club. He was past grand exalted ruler of the Elks, and he was active in the Knights of Columbus.

Billy McNichols had a distinguished career as a public servant. But, more than that, he was a trusted and valued

friend of many, many thousands of people of Colorado.

His death leaves a great void in my home State of Colorado. I will be among the many who will miss the kind and wise guidance of my long-time friend, Billy McNichols.

Through these years of service to the people of Denver and Colorado, he had the wise and patient counsel of his faithful wife, who aided him in his steadfast course for the common good. I and my family join with the rest of Colorado's congressional delegation in expressing to Mrs. McNichols, their sons and their daughters, our deepest and most sincere sympathy in their hour of grief.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, following my remarks, an article entitled "Watchdog" Billy McNichols Leaves a Host of Friends."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Denver Post, Mar. 7, 1959]

"WATCHDOG" BILLY McNICHOLS LEAVES A
HOST OF FRIENDS

(By John Buchanan)

Memories—so many of them stood in line to wait their turn—rushed through our mind this week when we learned of the death of William H. McNichols, former auditor of our city.

Watchdog of the city pocketbook, Mr. Mac, Uncle Billy.

These and other words came to mind.

Warm friend. Treasured hours of conversation. Gay fighter. Dynamic individualist. Shrewd politician. Proud husband and father. Idealist. Truth teller. Conscience perched on the shoulder of city government. Conscientious public servant, who gave much of himself and his life to the stream of good government.

It was just a little more than a dozen years ago when on our first day as a city hall reporter we walked through the third floor double doors with the name "auditor" on the transom.

Mr. Mac smoked a cigar. And on the scales of physical appearance he outweighed them all that day: handsome, piercing eyes, gay smile, tweed suit of fibers imported from his Irish homeland, venerable white mane.

This was the giant in public office who kept close watch on city affairs.

It never ceased to be a thrill to a reporter to find, someday, Mr. Mac sniffing the air like the veteran watchdog that he was, sensing an issue that demanded his action.

It usually meant strong black headlines that marched through the composing room until they found their place on page 1 of our paper.

Just as carefully as Mr. Mac sniffing for issues, city hall reporters learned to sniff for the blue smoke of his ever burning cigar as they approached the auditor's office.

A thin, Indian-summer haze drifting from the inner office meant that the gears of city government were in mesh, and running smoothly. Thick, blue smoke meant—ere you stepped across his threshold—that the signals of a fight were being lifted.

He was never more alert; his wit never sharper; his step never brisker; his verve never higher, than during these battles, when the watchdog came roaring out of his door, biting and slashing at the things which had offended his credo.

He could "work with" as well as fight, and he did both with Mayors Stapleton and Quigg Newton.

He had many a tussle with the impatient, young Newton. Newton thought the world

of him. On meeting in the halls, or at affairs of state, Newton would often place his hand on the auditor's shoulder and ask: "How are you, Billy?"

We remember when we first learned that Newton, a political neutral, finally registered as a Democrat.

We rushed up to Mr. Mac's office to obtain a quote from him on the fact that the man with whom he'd often tussled was now a member of the McNichols party.

He drew a couple of puffs on his cigar, and a smile crept over his lips.

"Well, he joined the right party."

Where do a reporter's memories stop on a man like Billy McNichols? They don't, and of course they never will.

A great personal loss. A great loss to his host of friends. But the beginning of a legend.

INTERVIEW WITH ISRAEL'S AM- BASSADOR ABBA EBAN

Mr. CARROLL. Mr. President, a distinguished statesman, one of the world's great orators, and certainly one of the foremost thinkers of the day on the international scene, is Israel's spokesman to the world, Abba Eban, Ambassador to the United States, and Israel's permanent representative to the United Nations.

On Friday, March 20, Ambassador Eban will speak in Denver. I sincerely regret that I cannot be in Denver on that occasion, not only to meet the Ambassador personally, but also—as always—to receive the benefit of his great brain.

I am informed that Ambassador Eban is about to leave the United States to return to Israel. That is very significant, to me, in the light of recent international events, which always—or, at least, recently—have been foreseen by Ambassador Eban.

Mr. President, I ask unanimous consent to have printed in the RECORD a television broadcast, entitled "Celebrity Parade," which is an interview with the Israeli Ambassador by Mr. Joseph McCaffrey, one of the distinguished newspaper, radio, and television men of the Nation's Capital.

I make this request because in the interview there are set forth Ambassador Eban's vision and prophecy in regard to what is happening today in Iraq and what is happening to Nassar. I believe the interview will be well worth the reading of all Members of the Senate and all Members of the other body, as well, and also all others who have access to the RECORD.

There being no objection, the interview was ordered to be printed in the RECORD, as follows:

CELEBRITY PARADE

(Interview with the Israeli Ambassador by
Mr. Joseph McCaffrey)

Mr. McCaffrey. Good afternoon. Welcome once again to Celebrity Parade. It's indeed a privilege and an honor to have as our guest today one of the world's outstanding diplomats, Mr. Abba Eban, who is the Israeli Ambassador to the United Nations and the United States. Mr. Ambassador, nice to have you here.

Ambassador EBAN. Nice to be here, Mr. McCaffrey.

Mr. McCaffrey. I think probably before we start talking we ought to take a look at the map of Israel and I think our listeners will

get a better understanding of the problems your country faces. Here is Israel, which is bordered by Jordan for 330 miles; by Egypt for 165 miles; Lebanon, 49 miles; and bordered by Syria for 47 miles. I've always thought, Mr. Ambassador, that of all the tinder spots we have in the world today, that probably the one that might explode into a great war might be the Middle East situation. I was just wondering, in your opinion, how tensions along Israeli borders lessened, let us say, in the last year.

Ambassador EBAN. Mr. McCaffrey, I don't believe that the Arab-Israel conflict is the most dangerous of those that confront the world today. The recent crisis over the Formosa Strait, the present tension over Berlin, are, I think, more crucial for world peace. There will not be any world war arising from Israel's relations with her neighbors, nor do I think there will be a local war. On our frontiers, which are embattled and tense, there has been more tranquility in the past year than ever before. Since the Sinai campaign there has been relative quiescence—an occasional eruption at a dangerous point, but nothing to indicate that any of the governments concerned plan any sustained renewal of conflict.

Mr. McCaffrey. Mr. Ambassador, is this because perhaps there is lessening of hostility on the part of your Arab neighbors?

Ambassador EBAN. Well, there is no evidence of a lessening of hostility. Their leaders still articulate the dream of our extinction. But I think that thoughtful Arabs must be increasingly impressed with the manifest spectacle of our permanence and stability. I doubt if any intelligent Arab, any man of capacity, could really believe that we are going to disappear.

Mr. McCaffrey. Well, is Nasser the focal point of Arab hostility, in your opinion?

Ambassador EBAN. Yes; but whether he believes it or not, it is he who articulates and expands and exploits the hostility to Israel, and it is his constant agitation on that sphere that keeps the Arab-Israel conflict alive.

Mr. McCaffrey. It seems to me, on the basis of what we have seen in the last 12 months, let us say, that the Arabs are having trouble among themselves. Is it possible for the Arabs to ever unite against Israel on that one particular issue?

Ambassador EBAN. Well, I think you are quite right there. The tensions between the Arab States, themselves, have recently been far more acute than their tension with us. They have been so busy jumping at each other's throats that they have hardly had any time for preoccupation with us. The issue there is a simple one. Shall each Arab State and each Middle Eastern State have a right to its free and separate existence, or shall they be forced under the domination of Cairo? That is the issue which now agitates the Arab world, and the Arab world is so absorbed in that historic issue that it seems to have its attention diverted from us. The only things that unite them, unfortunately, are negative objectives, such as hostility to Israel. But, at present, I should say that their disunity, the fear of Nasser on the part of his neighbors, these are so acute that they show no signs of cooperating for any purpose, even a negative purpose, such as an assault upon Israel.

Mr. McCaffrey. This might not be a diplomatic question to ask a diplomat, but do I gather, then, that you think that Nasser is bound to fail eventually?

Ambassador EBAN. I think that in the last 6 months, especially since the crisis of the summer, it has been revealed that Middle Eastern States are not desirous of being swallowed up in a Nasserist empire. There has been one success for this concept of Arab union—Syria has celebrated its union with Egypt. I think it's rather like the kind of unity that our ancestor Jonah celebrated with the whale, and the gastric rumblings

March 24, 1961

"The budget estimate of \$1,336,754,811 for reimbursement to the Commodity Credit Corporation for costs of special activities has been allowed in full. The laws authorizing programs financed through this Corporation provide that costs incurred shall be reimbursed through the normal appropriation process, and authorize appropriations for such purpose. The Corporation's borrowing authority is \$14.5 billion at the present time and it is evident that additional authorization will be required before June 30 unless reimbursement is made now for costs incurred prior to June 30, 1958."

"The Committee has viewed with considerable concern the fact that the trend in employment in Government is upward. The problem is widespread.

"The bill has \$995,000 for the Food and Drug Administration including \$300,000 for 50 additional positions to administer the new Federal Food, Drug and Cosmetic Act amendments enacted by the Congress last year which prohibit the use in foods of additives which have not been adequately tested to establish their safety, and \$695,000 for increased pay costs authorized under Public Law 85-462.

"The Committee has approved \$10,000,000 additional capitalization for the General Supply Fund, a reduction of \$5,000,000 in the request. Some increase in capital appears to be necessary as the sales volume continues to rise, and the Bureau of the Budget is urged to continue its efforts to assist the General Services Administration in having agencies pay their bills on time so that such capital requirements will be kept at a minimum.

"Outdoor Recreation Resources Review Commission. The request of \$350,000 has not been allowed for this Commission at this time. The need for special funds in the magnitude of \$2,500,000 as authorized for appropriation to inventory and evaluate the outdoor recreation resources and opportunities of the nation should be examined carefully.

"The National Park Service is currently expending at a rate in excess of \$1,000,000 a year for planning, including \$338,000 specifically for this nationwide recreation planning activity. The Forest Service also has adequate planning funds available and plans to make an inventory and evaluation of outdoor recreation resources and opportunities of all forest lands and report its findings to the Commission by 1961. In addition, the various States have funds available for the conduct of a review of this nature. In the light of this overall fund situation it is believed that provision of additional Federal appropriations for the purpose should be deferred pending thorough review of the proposed budget request of \$1,100,000 for this Commission for fiscal year 1960. The \$50,000 currently available should be adequate for expenses of the Commission pending this review."

"With respect to Pay Act costs, the Committee uniformly applied a 10% reduction against the amounts requested, and provided that such additional amounts would be made available by transfer from the appropriation for "Conservation Reserve Program" as proposed in the Budget Estimate.

The bill also includes \$44,600,000 for education aid in Federally impacted areas.

3. ELECTRIFICATION. The Government Operations Committee reported with amendment H. R. 1321, to amend Reorganization Plan No. 2 of 1953 regarding REA (H. Rept. 235). p. 4333

Rep. Milliken criticized TVA for its award of a large turbo-generator contract to an English firm, stated that such a purchase would be unwise in the event of a

national emergency, and challenged TVA's defense of its award. pp. 4329-30

4. TREASURY-POST OFFICE APPROPRIATION BILL. Passed without amendment this bill, H. R. 5805. pp. 4306-16
5. OIL IMPORTS. Rep. Boland criticized the decision to impose quotas on certain oil imports and inserted an editorial quoting Sen. Aiken as saying this decision would "discriminate against regions of the country dependent upon imports, encourage price increases, harm our relations with Canada and other friendly producer nations, disadvantage American industry in world markets ..." p. 4332
6. LEGISLATIVE PROGRAM, as announced by Majority Leader McCormack: Mon., Interior appropriation bill; and Tues., second supplemental appropriation bill. p. 4326
7. ADJOURNED until Mon., Mar. 23. p. 4326

SENATE

9. ELECTRIFICATION. The Government Operations Committee ordered reported with an amendment in the nature of a substitute S. 144, to return to the REA Administrator functions transferred from him to the Secretary of Agriculture under Reorganization Plan No. 2 of 1953. p. D189
9. AREA REDEVELOPMENT. Continued debate on S. 722, the area redevelopment bill. pp. 4248-81
10. REPORTS. The Government Operations Committee ordered reported with amendment S. 899, to provide for the discontinuance of certain reports now required by law. p. D190
11. PROPERTY; CONTRACTS. The Government Operations Committee ordered reported without amendment S. 900, to extend the authority of the GSA Administrator to pay direct expenses in connection with the utilization of excess real property; and S. 901, to authorize the GSA Administrator to make contracts for custodial services for periods not exceeding 5 years. p. D190
12. FARM PROGRAM. Sen. Young, N. Dak., inserted several commodity letters of the Daniel F. Rice Grain Co. discussing the farm situation, including the USDA budget. pp. 4237-8
13. FORESTRY; LANDS. Both Houses received Utah Legislature resolutions urging legislation to authorize the Secretary of the Interior to convey to a State, without acreage limitation, any public lands within the State for State park and recreation purposes. pp. 4223-4, 4334
14. PERSONNEL. Sen. Mansfield criticized the disposal by Federal employees in foreign countries of personal property in excess of its value, and inserted correspondence with the State Department on the matter. pp. 4226-9
Sen. Neuberger urged legislation to provide for the full disclosure of the financial status of Federal officials who earn in excess of \$12,500 a year. pp. 4232-3
15. MILK. Sen. Williams, N. J., defended the quality of milk from N. J. which is shipped into the D. C. area. pp. 4230-1
Sen. Proxmire commended Rep. Johnson's, Wisc., efforts for the enactment of legislation to provide for the adoption of a uniform national milk sanitation code. pp. 4238-9

Detail sheet—Limousines and heavy sedans in custody of Federal agencies (executive branch) in Washington, D.C., area

Department or agency	Make	Year	Type of vehicle ¹	Total	Assigned to—	Acquired by—
Agriculture	Cadillac	1958	L	1	Secretary	Rental.
Commerce	do	1958	L	2	Office of Secretary	Do.
	Buick	1958	H.S.		Federal Highway Administrator	Do.
Defense:						
Office of Secretary of Defense	Cadillac	1959	L	37	Secretary	Do.
Do	do	1959	L		Deputy Secretary	Do.
Do	do	1959	L		Chairman, Joint Chiefs of Staff	Do.
Do	do	1951	L		Representation NATO Group	Purchase.
Do	Chrysler	1950	L		Office of Secretary of Defense	Do.
Do	Imperial	1958	H.S.		Assistant Secretary (Comptroller)	Do.
Do	do	1958	H.S.		Assistant Secretary (Health)	Do.
Do	do	1958	H.S.		Assistant Secretary (Public Affairs)	Do.
Do	do	1958	H.S.		Assistant Secretary (Properties and Installations)	Do.
Do	do	1958	H.S.		Assistant Secretary (Supply and Logistics)	Do.
Army	Cadillac	1959	L		Secretary	Rental.
Do	do	1958	L		Chief of Staff	Do.
Do	Chrysler	1950	L		Military District of Washington Motor Pool	Purchase.
Do	Imperial	1958	H.S.		Under Secretary	Do.
Do	do	1958	H.S.		Vice Chief of Staff	Do.
Do	do	1958	H.S.		Assistant Secretary (Manpower, Personnel, and Reserve Forces)	Do.
Do	do	1958	H.S.		Assistant Secretary (Financial Management)	Do.
Do	do	1958	H.S.		Assistant Secretary (Logistics)	Do.
Do	do	1958	H.S.		Director Research and Engineering	Do.
Air Force	Cadillac	1959	L		Secretary	Rental.
Do	do	1959	L		Chief of Staff	Do.
Do	Imperial	1958	H.S.		Under Secretary	Do.
Do	do	1958	H.S.		Vice Chief of Staff	Purchase.
Do	do	1958	H.S.		Assistant Secretary (Fiscal)	Do.
Do	do	1958	H.S.		Assistant Secretary (Material)	Do.
Do	do	1958	H.S.		Assistant Secretary (Research and Development)	Do.
Do	do	1958	H.S.		Commander (Air Force Research and Development Committee)	Do.
Navy	Cadillac	1959	L		Secretary	Rental.
Do	Chrysler	1955	L		Chief, Naval Operations	Do.
Do	do	1955	L		Vice Chief, Naval Operations	Purchase.
Do	Imperial	1958	H.S.		Under Secretary	Do.
Do	do	1958	H.S.		Assistant Secretary (Material)	Do.
Do	do	1958	H.S.		Assistant Secretary (Air)	Do.
Do	do	1958	H.S.		Assistant Secretary (Personnel)	Do.
Marine Corps	Cadillac	1959	L		Commandant	Rental.
Do	Chrysler	1958	H.S.		Assistant Commandant	Do.
Do	do	1958	H.S.		Chief of Staff	Do.
Health, Education, and Welfare	Cadillac	1958	L	4	Secretary	Do.
Do	do	1958	H.S.		Secretary's Staff	Other.
Do	Chrysler	1954	H.S.		do	Do.
St. Elizabeths Hospital	do	1947	L		Patients	Purchase.
Interior	Cadillac	1958	L	3	Office of Secretary	Rental.
Do	Chrysler	1958	H.S.		do	Purchase.
Do	Cadillac	1946	H.S.		do	Do.
Justice	do	1958	L	3	Attorney General	Rental.
Do	Lincoln	1958	L		Attorney General's staff	Do.
Do	Imperial	1958	H.S.		do	Purchase.
Labor	Cadillac	1958	L	4	Secretary	Rental.
Do	do	1956	H.S.		Under Secretary	Purchase.
Do	do	1954	H.S.		Secretary	Other.
Do	do	1947	H.S.		Secretary's Office	Purchase.
Post Office	do	1958	L	3	Postmaster General	Rental.
Do	do	1951	L		Postmaster General's staff	Purchase.
Do	Lincoln	1958	H.S.		do	Rental.
State Department	Cadillac	1958	L	3	Secretary	Do.
Do	do	1958	L		Under Secretary	Do.
Do	do	1958	L		Under Secretary (Economic Affairs)	Do.
Treasury	Imperial	1958	L	10	Secretary	Do.
Do	Cadillac	1956	H.S.		Office of Secretary	Other.
Do	Lincoln	1956	H.S.		do	Do.
Do	do	1956	H.S.		do	Do.
Do	Chrysler	1955	H.S.		do	Do.
Do	Cadillac	1952	H.S.		Commandant Coast Guard	Do.
Do	do	1952	H.S.		Assistant Commandant Coast Guard	Do.
Do	Lincoln	1956	H.S.		Commandant's Office	Do.
Do	Cadillac	1953	H.S.		Internal Revenue Service	Do.
Do	do	1955	H.S.		do	Do.
Atomic Energy Commission	do	1955	H.S.	5	Commissioner's use	Do.
Do	do	1958	H.S.		Chairman	Rental.
Do	Lincoln	1957	H.S.		Commissioner's use	Purchase.
Do	do	1957	H.S.		do	Do.
Do	Buick	1959	H.S.		do	Do.
Bureau of Census	Cadillac	1951	H.S.	1	Director	Other.
Bureau of the Budget	do	1955	H.S.	1	do	Do.
Central Intelligence Agency	do	1957	L	1	do	Purchase.
Civil Service Commission	do	1952	H.S.	1	Chairman	Other.
Export-Import Bank	Oldsmobile	1956	H.S.	1	Chairman and Members of Board	Purchase.
Federal Mediation and Conciliation Service	Lincoln	1957	H.S.	1	Director	Do.
General Services Administration	Cadillac	1953	H.S.	2	Administrator	Other.
Do	do	1951	H.S.		Not assigned	Do.
International Cooperation Administration	Chrysler	1956	L	1	Office of Director	Rental.
National Gallery of Art	Cadillac	1950	H.S.	1	Director	Other.
Office of Civil and Defense Mobilization	do	1955	H.S.	1	do	Do.
Selective Service System	Lincoln	1957	H.S.	1	do	Purchase.
U.S. Information Agency	do	1958	H.S.	2	do	Rental.
Do	do	1958	H.S.		Deputy Director and others	Do.
U.S. Soldiers' Home	Buick	1956	H.S.	1	Governor	Purchase. ²
Veterans' Administration	Cadillac	1958	H.S.	1	Administrator	Purchase.
White House	do	1959	L			
Do	do	1959	L			
Do	do	1959	L			
Do	do	1955	L			
Do	Chrysler	1955	L			
Do	do	1955	L			
Do	do	1956	H.S.			
Do	Lincoln	1958	H.S.			
Total				99		

¹ Limousines (L); heavy sedans (H.S.).

² Not general funds.

ORDER FOR ADJOURNMENT TO MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today, it adjourn until Monday next, at 12 o'clock noon.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNEMPLOYMENT IN DEPRESSED AREAS

The Senate resumed the consideration of the bill (S. 722) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

Mr. RANDOLPH. Mr. President, I rise to associate myself with my many colleagues in this body who are in support of S. 722. We heard last evening the factual and eloquent presentation of the subject by the junior Senator from West Virginia [Mr. BYRD], who now presides over the Senate. I pay deserved tribute to the effective efforts he has put forth on behalf of the proposed legislation, which has for its purpose needed area redevelopment.

Later this afternoon and early next week we shall hear statements from other Senators who advocate the passage of the bill, S. 722. Among the Senators will be our esteemed and able colleague from Illinois [Mr. DOUGLAS]. The Senator from Illinois will indicate forcefully the contribution this measure can make to the potential redevelopment of our Nation, to the strengthening of the economy of the State of West Virginia and of the other States of the Union.

I should like, Mr. President, to offer some reflections of my own which will have a somewhat different emphasis from those set forth so well by my colleague from West Virginia.

We hear much talk, Mr. President, about the mandate which the people gave to the Congress of the United States in November of 1958. This bill affords the 86th Congress the opportunity, in line with its responsibility, to apply that mandate in decisive terms; if necessary, in terms which will override a possible Presidential veto such as that which resulted when the Congress passed similar legislation in the 85th Congress, and the Chief Executive of the United States saw fit on that occasion to use the pocket veto.

We hear much talk also on the question of balanced budget. I may say I am not a spender per se. I believe it is the responsibility of an individual Member of the Senate to check objectively those items on which moneys could be saved and those on which moneys should be expended, but we should now attend to the budget of human misery and want, to the budget of deprivation and despair—afflictions visited upon so many of our communities in West Virginia and throughout many other States by reason of chronic unemployment.

I say to my colleagues in the Senate that I was privileged for 2 days to sit in the hearings conducted in West Vir-

ginia in regard to the bill, which hearings were under the chairmanship of the diligent junior Senator from West Virginia [Mr. BYRD].

We listened to the grim recital of stories that are rivaled only by memories of the Great Depression of the 1930's; stories of men who have been without work, not for weeks and months, but for years; stories of children kept from school for lack of clothes to wear; stories of desertion of their families by fathers so that the wives and children might go on relief; and reports of thievery by other fathers so that their children might eat. And some of those, Mr. President, who have not stolen have starved.

This is a shocking revelation to America in a time of so-called high prosperity. We understand full well that our people are in dire distress. Their plight is pitiful.

It is not easy for a West Virginian to speak of his State and of its people in these terms, but I say that tonight, as was true this morning and as is true this noon, the unwelcome guest at the tables of tens of thousands of West Virginia families will be hunger.

Almost 300,000 of our people are living on what they call—and perhaps it is an expressive word—"mollygrub"—though existing is perhaps a better word than living. I think perhaps they do not live, they but exist. That is a better and more correct word.

For almost 300,000 West Virginians this term stands for a life of bare subsistence on surplus commodities. For a family of four it represents a monthly food ration of 10 pounds of flour, a 5-pound bag of cornmeal, 4 pounds of powdered milk, 2 pounds of rice, and 2 pounds of butter. According to State health department officials, for almost 300,000 West Virginians the term stands for a life of slow starvation.

The distinguished Senators who have spoken before me have referred to the cost of unemployment throughout the Nation, and the earnest junior Senator from West Virginia last night set forth the statistics for my own State. Economists and legislators must deal with figures and statistics; but I say the figures must be clothed with faces and the statistics must be pointed up in human values. So, as we consider the bill, let us remember that the figures about which we speak are mere abstractions of human beings who stand behind them. We must remember that \$50 million spent in unemployment compensation in the State of West Virginia last year is a mere abstraction of human costs for which we can never compensate.

We can measure much of the effects of unemployment, such as the costs of compensation, the man-hours lost in work, and the gross product loss as a result of an idle labor force; but we cannot measure the effects on the lives of the people thus involved.

I have known the able Senator from Wisconsin [Mr. WILEY] for many years. I say to the Senator from Wisconsin, because of his intense interest in humanity, that last year in the campaign which

I was privileged to carry forward to a seat in this Chamber I remember very well that on one occasion I talked to three men who were sitting on the steps when I went to a company store in a coal camp which was practically inoperative. I shook hands with these three men. I asked their names.

They said, "Mr. RANDOLPH, what are we going to do? We cannot find work." I asked the men how long they had been unemployed. I say to Senators present, particularly to the Senator from Wisconsin [Mr. WILEY] that those men had been unemployed for an average of a year and one-half—one man for almost 2½ years. I emphasize the fact that those men want to work. West Virginians are hardy and self-reliant. They want the opportunity to work.

This is a situation which causes me, frankly, to be a little slower in my speech than I would ordinarily be, because I feel the tug of the memory of the occasion to which I have referred, and which was repeated over and over again.

We cannot measure the spiritual impoverishment in the men and women who face a life of unrelenting physical poverty.

We cannot evaluate the erosion of morale in the parents who daily face the imploring eyes of their children.

We cannot determine the despair of men bound by the iron chain of circumstance.

I saw hundreds of men with dull eyes, fighting against the enforced tedium of unemployment. We need to consider these facts when discussing the provisions of Senate bill 722. These are some of the human facts, Mr. President, of which the figures are mere shadows and abstractions.

The facts of urban unemployment in West Virginia have already been ably presented by my distinguished colleague.

I remember that last night as he stood here, he talked about the human values. I repeat and reemphasize that there are human facts, of which the figures are the mere shadows and abstractions. Therefore, I can add but little to the statement of my colleague in that respect.

Therefore, I focus my remarks upon the provisions in the pending bill for rural redevelopment and the increasing problems of chronic rural poverty. These are problems, Mr. President, that are national and endemic, and they must be treated on a national rather than a local basis, with attention to the causes rather than the symptoms of distress. It is in this respect that S. 722 shows one of its chief advantages over the administration bill as well as the so-called compromise bill, S. 268. For, while the administration proposal offers nothing for rural redevelopment, and S. 268 offers only \$50 million for rural areas, the Douglas-Cooper bill, cosponsored by many other Senators on both sides of the aisle, offers \$100 million. This is hardly an extravagant sum to apply to the widespread and chronic conditions of rural poverty.

There are in the United States 562 counties which the Department of Agriculture characterizes as serious low-income areas. The Department uses three

criteria in establishing the classification: first, economic areas with less than \$1,000 average residual income to operator and family labor on commercial farms.

I digress to say that the family farm must be rebuilt. We need more emphasis upon the family farm than we have given it in the past few years. I speak of the necessity for the family farm because the able and distinguished Senator from Kansas [Mr. CARLSON], who has just entered the Chamber, has given much thought to that subject.

The second category includes economic areas with level of living index the lowest fifth of the Nation; third, economic areas having 50 percent or more of commercial farms in which the annual sales are \$2,500 or less. If all three of these conditions are met the area is classified as serious; if two conditions are met it is classified as substantial; if one, it is classified as moderate. The entire State of West Virginia falls in one category or another.

According to the census of Agriculture of 1954, there were in West Virginia, 41 counties of a total of 55, in which one-third or more of the commercial farms sold products whose gross value was less than \$1,200. There were nine additional counties in which 35 percent or more of the commercial farms sold products whose gross value ranged from \$1,200 to \$2,500. That is gross value, Mr. President, not net income. Thus, there were only 5 counties in West Virginia which did not come under one classification or the other. While in the United States as a whole there were 458 counties in the first classification and 500 counties in the second.

In hearings before the Joint Committee on the Economic Report in 1955, an Under Secretary of Agriculture, Hon. True D. Morse, stated:

There are large numbers of rural people with incomes so low they cannot afford the goods and services most of us take for granted. Many of them need special assistance if they are to improve their standard of living.

The poverty existing among some of our people, in good times and bad, has a weakening effect on the entire Nation. Production lost because of lack of education and skills, poor health, and insufficient employment, can never be recovered. It is gone for good. The social conditions arising from low production and low incomes often generate an apathetic attitude.

Community, education, religious, and civic affairs suffer. Confronted with the overwhelming handicaps of chronic poverty, many people with very low incomes see no possibility of improvement using the inadequate resources and few opportunities available to them.

The development of agriculture's human resources is one of this Nation's most important economic and social problems. Very low incomes, that is, incomes in the range of less than \$1,000 a year, are concentrated in agriculture. Less than one-fifth of the farmers in areas of low rural income produced and sold \$2,500 worth of products in 1949. Investment in land and buildings is only about one-third of what it is elsewhere. Average schooling of adults on farms is 7 years. There are few outside jobs, and little use of machinery on low-income farms.

This statement, Mr. President, is from a high official of the very administration

which today claims there is no need for, or that the budget cannot support, funds for rural redevelopment. I would ask the supporters of the administration bill, in the name of what concept of fiscal responsibility can they deny the provision of \$100 million in loan funds, while continuing to accumulate the deficit in human resources described by the Under Secretary of Agriculture?

What concept of budget, Mr. President can justify such a policy? Surely it demonstrates the old nursery rhyme of the battle lost for want of a nail. And though I do not fear the outcome of the battle to extend to the farmers the full benefits of our society, this administration's policy in respect to the bill before the Senate would most assuredly create needless casualties among America's farm families.

The kind of relief offered by S. 722 to rural poverty is long overdue, Mr. President. We violate the faith of the farmers of America if we fail to act now. For, within the field of agriculture there are approximately 1 million families with an annual income of less than \$1,000, while in West Virginia the average farm income is substantially less than \$1,000.

Perhaps even more important than the substandard income level, Mr. President, is the fact that these people have little prospect of improving their situation, little hope of new opportunities in the field of agriculture.

Generally speaking, these are the families who also have inadequate farming resources, insufficient capital, little credit, and land too depleted to provide full-time productive use of their labor under modern farming conditions.

Thus, off-the-farm employment is becoming increasingly important as a source, not only of supplemental income, but frequently as the chief source of income. With continued technological developments in farming, and with the attendant process of larger and larger farm units being operated by fewer and fewer people, off-the-farm employment will continue to grow in significance.

I say to the distinguished Senator from Illinois [Mr. DOUGLAS], who sits next to me, that I have read on the ticker a United Press-International news story to the effect that the figure for the Nation's unemployment was approximately 25,000 greater in February than it had been in January. A Government spokesman said this was insignificant. I say to the Senator that the loss of a job to the man who needs the job is significant to him. Ten jobs are significant; 100 jobs are significant. Certainly 25,000 jobs, to the people who lose them, are significant. The loss of a job is never insignificant.

We hear not infrequently the expression of the view that these people are inefficient and marginal producers anyway, and should therefore leave the farms and seek employment in the city. That would seem to be the view held by this administration, if one might infer it from the policies of Secretary Benson. But, apart from the disregard of human values implied by such policies, they are impractical and unrealistic.

How is the farmer to prepare himself for skilled employment in urban areas? And how, when we already have almost 5 million men and women unemployed, is he to find work, especially when he is often over age and underskilled? If he fails, then he and his family become one more increment to the dispossessed urban slum dwellers—thus creating new burdens for public welfare and blighting more lives that otherwise would hold promise.

Although S. 722 does not presume to supply a complete solution to this grim and depressing problem, it offers promise of a constructive beginning. Not only should such a rural redevelopment program engage our support for humanitarian reasons, but by enabling currently underemployed farmers to seek full time off-the-farm employment it would decrease the surplus production of some commodities to that extent.

Finally, Mr. President, by relieving the political pressures from large numbers of underemployed farmers it would help create conditions favorable to the development of truly constructive and effective farm programs for the Nation.

Mr. President, I turn now to a brief consideration of the range and intensity of the continued unemployment in non-agricultural areas of West Virginia.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. DOUGLAS. Before the Senator touches upon that point, I wish to commend him for going into the question of rural underemployment and rural poverty, because sometimes this feature of the problem is neglected. We have placed at the rear of the Chamber a map which attempts to show, in red, the counties of the country which, as the Senator from West Virginia has said, suffer from all three defects. Those shown in red include a large portion of West Virginia, counties in eastern Tennessee, eastern Kentucky, western North Carolina, the coastal regions of South Carolina, most of Georgia, northern Florida, most of Alabama, most of Mississippi, a large part of Arkansas, eastern Oklahoma, eastern Texas, and western New Mexico.

Those shown as having two of these characteristics, represented in yellow, include large sections of Pennsylvania, Virginia, West Virginia, South Carolina, Louisiana, Arkansas, Oklahoma, west Tennessee, northern Michigan, Washington, Oregon, and northwestern Montana.

Those having one of those serious characteristics, shown in blue, include virtually the remainder of West Virginia, a large section of Missouri, a large section of Louisiana, eastern Arkansas, southern Alabama, northwestern Georgia, Minnesota, and large sections of northern Michigan.

So the idea that the American rural population is living in luxury is simply a complete misapprehension. I thank the Senator from West Virginia for making this fact abundantly clear.

Mr. RANDOLPH. I thank the Senator from Illinois. I remember an old poem:

The doctor heals, the lawyer pleads,
And the miner follows precious leads.
But, this or that, what ere befall,
The farmer feeds them all.

I think that is the substance of the poem as I knew it 25 years ago.

Mr. President, the figures from the 21st annual report of the West Virginia State Department of Employment Security, covering the period from July 1957 to July 1958 reveal quite clearly that our problem is not merely that of a temporary downswing, nor is it one of localized soft spots.

The distinguished Senator from Michigan [Mr. McNAMARA] knows that in his State such a statement as I have made would apply with equal emphasis as it would in West Virginia.

Mr. McNAMARA. And in many other States.

Mr. RANDOLPH. Yes, and in many other States, also.

The President of the United States has called a conference for next Monday to consider unemployment. At least eight Governors will come here to counsel with him about these matters. I am glad the conference will be held. I think perhaps it should have been held many months ago. But it is an indication that the President wants information on this subject. Perhaps he recognizes the importance of hearing first hand from the Governors of the States.

I have stated that this problem is chronic and endemic. For example, all major manufacturing industries in West Virginia registered losses in employment during the past 12-month period, ranging from 2,400 in chemicals to 3,500 in primary metals.

Included among those reporting losses were: Food, 200; petroleum and coal products, 200; textiles, 400; fabricated metals, 500; apparel, 300; lumber, wood products, furniture, and fixtures, 900; machinery, 1,900; and stone, clay, and glass, 3,300.

We know what the picture is in Michigan, even with the so-called good production of automobiles. Nevertheless, unemployment continues to exist.

Nonmanufacturing industries in West Virginia showed a combined employment loss during this period of 30,200, with mining heading the list at 16,200; transportation, communications, and public utilities, 8,000; trade, 4,000; contract construction, 3,100; and finance, insurance, and real estate, 100.

Only services and Government showed increases, with 900 and 400, respectively.

Even in Texas there are some problems which justify the need for a close look at the situation. I have talked on occasion with the distinguished junior Senator from Texas [Mr. YARBOROUGH] about these matters.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. YARBOROUGH. I express my appreciation to the distinguished Senator from West Virginia for his interest in these problems, not only in West Virginia but in all the States of the Union.

It is a privilege to work with him on this matter and to support the bill which he has done so much to further in the Senate.

The Senator has referred to my home State. I am very familiar with the 36 counties which, unfortunately, are in the red area on the map displayed on the floor of the Senate. Those counties were among some of the first settled by the Colonial American settlers in my State. I was born and reared in that area, where my people have lived for more than 110 years. I have been in each and all of those counties a good many times.

The labor supply in that area is among the best in the United States. Actually the problem is one of worn out land, because of which farmers are being forced to go to the cities and other areas, especially to the gulf coast, to seek the means of earning their livelihood. It is land having abundant water resources and timber resources, together with an abundant labor supply. It simply needs a touch of organized capital, which the bill would provide. The area is favored with a mild climate and plenty of water, which most of our State does not have.

It is a pleasure to support the bill. I commend the distinguished Senator from West Virginia [Mr. RANDOLPH], and the distinguished Senator from Illinois [Mr. DOUGLAS], and other Senators, who have given so much leadership to the Senate and the country on this measure.

Mr. RANDOLPH. Mr. President, the Senator from Texas speaks with characteristic knowledge of his own State. We appreciate the support which he is giving in a vigorous way to the bill.

The current situation shows no improvement. According to the West Virginia Department of Employment Security, in January of this year the estimated civilian labor force of the State was 657,500, of which an estimated 89,700 were unemployed. In other words, approximately 15 percent of the State's labor force were ready to work but were unable to find employment. The estimate I have given includes, of course, those covered by unemployment compensation as well as those who are not covered.

Yet these figures themselves do not depict the full scope of our problem; for while the population of other States has been increasing, West Virginia registered a decline of 100,000 from 1950 to 1954. A disproportionate number of these emigrants are comprised of our sturdiest and most vigorous young men, as evidenced by the fact that 40 percent of the Korean bonus payments were sent to veterans living outside West Virginia.

There are bleak figures which represent widespread conditions of hunger, humiliation, and human misery. This situation will continue in West Virginia and in many other States if the Federal Government, in concert with the States, does not accept its responsibilities of alleviating the situation. It is idle rhetorical chatter of a theoretical and abstract sort of talk about principles of local responsibility and local resources when families are without ade-

quate food, clothing, and shelter, and entire communities are near bankruptcy.

The people of West Virginia and the Nation demand deeds, not dogmas. Their need is for action, not idle doctrine.

I hope I shall not be misunderstood. I remember serving in the House of Representatives in the 1930's with men whom I see in the Chamber this afternoon. I shall not speak in partisan vein, but I shall say to Senators that I was a militant Member of Congress in those years when action came on Capitol Hill. I do not want to raise a hand to overdramatize, but I say that the President of the United States then, Franklin D. Roosevelt, was a man of action. He enunciated programs which were carried forward with the approval and vigorous support of Congress.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. RANDOLPH. I will yield; but before yielding, I may say that I remember the Senator from Texas saying in this body a few weeks ago that apparently the administration wants to wait. Sometimes this administration also seems to say, "It can't be done."

I am sorry that I took that moment, but I remember how moving the Senator's remarks were on that occasion. I yield.

Mr. YARBOROUGH. I congratulate the Senator from West Virginia again. I should like to compare the dramatic action taken by a great American leader, which he has just described, with the present attitude of no new starts. I ask the Senator from West Virginia, who is a historian as well as a Senator, what, throughout our history of expansion, the attitude has been of Americans of dramatic action, as contrasted with the "Don't do anything" attitude of the present administration.

Mr. RANDOLPH. In reply, let me say to the Senator from Texas that our Nation was founded by the bold, and it cannot be maintained by the timid. I realize that some of us disagree on the budget and on the nature of the budget. Yet I shall say—I had no desire to say it earlier, and perhaps it has no bearing here, but I wish to say it now—that my colleague has spoken of President Franklin D. Roosevelt in terms of precious memory, and I remember him in that way, too. He was unable to walk, but he placed the Nation on its feet.

I think it important that today the membership of the Congress rekindle that spirit of action, in which I participated a quarter of a century ago, on Capitol Hill. I know that some of us differ in our approaches. But I say that the people of the States want action. They are not interested now in weak explanations.

Mr. BYRD of West Virginia. Mr. President, will my colleague yield to me?

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Does the Senator from West Virginia yield to his colleague?

Mr. RANDOLPH. I yield.

Mr. BYRD of West Virginia. Mr. President, my senior colleague has spoken most succinctly and cogently to-

day concerning the need for action in alleviating the poverty, the suffering, and the unemployment which exists in West Virginia and in some of the other States of the country.

It was Benjamin Franklin who said:

He that riseth late shall trot all day, but shall scarce overtake his business at night.

Mr. President, I join my colleague in urging that action be taken quickly upon this proposed legislation.

A little earlier my colleague spoke about the decline in the manufacturing industries in West Virginia. I think it pertinent to read into the RECORD at this time a portion of a statement which was submitted during the testimony taken recently in West Virginia at our hearings, to which I have referred upon several occasions within the past week or 10 days. The following statement was made by Dr. Henry L. Ash, director of the West Virginia Department of Employment Security:

To me, two things are crystal clear about the coal industry in West Virginia. The first of these is that coal will remain a very vital part of our economic life in this State. The second is that mechanization has and will continue to decrease the number of employees needed. To me, this is not an argument against mechanization, but a fact to reckon with.

In the area of the production of natural gas in West Virginia, it is worth noting that the peak year of production was 1917, when 309 billion cubic feet was produced. In 1958 the production totaled only 187,300 million cubic feet. Then, if we may turn to the production of oil, in 1958 West Virginia produced 2,185,000 barrels of crude petroleum as against 12 million barrels in 1912, the peak year. In other words, between 1912 and 1958 the production of crude petroleum in West Virginia fell to one-sixth of its former production.

In 1924 West Virginia produced 1,017 million board-feet of lumber. In 1958 the production was scarcely more than one-fourth of what it was 34 years before.

Mr. President, if I may impose for a moment further upon the time of my colleague, I should like to point out to the Members of the Senate who are present today the disastrous effects upon the revenues of our State government of this decline in the industries I have mentioned.

I think it most appropriate that I quote words which were spoken to the subcommittee during the field hearings; I shall quote now from the testimony given by the tax commissioner of West Virginia, the Honorable John Field:

The tax commissioner's office does not reflect the total State revenue, but it does reflect, I think, those sources of revenue that indicate the economy of the State and the condition of its economy.

That was the reflection on June 30 1957. By December 31 of that year we showed only a gain of \$9,600,000 over the previous calendar year, so our attrition was beginning to appear.

Then at the end of the fiscal year, on June 30, 1958, we showed only a gain of \$3,373,000.

So we realized that we were shipping water fast.

That trend continued, and at the end of the calendar year 1958 we showed a loss of general revenue through our office of \$4,400,000 compared to the calendar year 1957.

With that picture in mind, the board of public works in the latter part of December felt called upon to invoke the statutory reserve of 5 percent, and that, of course, curtailed every participant of the general revenue appropriation 5 percent of its overall appropriation for the fiscal year.

I know my colleague will agree with me when I say that a State is in bad condition when it has to cut 5 percent from the budget of every department.

The tax commissioner went on to say:

Since we had only 6 months to go, in fact, it amounted to a 10 percent curtailment from that time on out.

Of course, while it creates difficulties in State agencies and State departments, by far the most serious effect of that is in our country schools.

I know that this matter is particularly close to the heart of my colleague, because of his long and useful experience in teaching in our public schools, and also because of his experience in serving as a member of the governing groups of higher institutions of learning.

Mr. RANDOLPH. Let me interrupt my colleague to point out that there is a possibility that in West Virginia a special session of the legislature will be called, to deal with the unemployment situation. I believe that is a possibility, even though the legislature closed its regular session on Monday of this week. The possibility of the calling of such a special session at this time indicates the seriousness of this problem.

Mr. BYRD of West Virginia. Mr. President, in his testimony, the Tax Commissioner of West Virginia further stated that "the State of West Virginia is now faced with that loss of State aid, and many counties may have to curtail their school term to 8 months or curtail their activities and their curriculum," because of the cutback to which I have already referred.

So, Mr. President, I say—and I shall not impose further on the time of my able colleague—that the State of West Virginia is in a most serious condition. Unemployment there is exceedingly high, and the State's revenues are diminishing in the face of increasing expenditures which are so very much needed.

I compliment my colleague on his excellent presentation. I trust that his words will not go unheeded by the other Members of this body and the Members of the other House and by those in the executive branch of the Government.

I think my colleague has made valuable contributions today. I know he is very sincerely and very conscientiously dedicated to the furtherance of legislation of this nature, because we see in it some hope—certainly in the long run—for our suffering constituents in West Virginia.

Mr. RANDOLPH. I thank my colleague.

Mr. KEATING. Mr. President, will the distinguished Senator from West Virginia yield to me?

Mr. RANDOLPH. I yield to my friend, the Senator from New York.

Mr. KEATING. On the map displayed in the rear of the Chamber, does the

white area indicate the part of the country which would not share in this program?

Mr. RANDOLPH. That is correct.

Mr. KEATING. And that, I know, includes the State of New York. I appreciate the position of both distinguished Senators from West Virginia who have been speaking, and I am sympathetic with their position. It is one which it is only natural for them to take. I know that West Virginia has suffered probably more than any other State in the Union—at least, it is one of the very hardest hit. I am not a member of the committee, and I speak with some reticence on the subject, but as I envision and study the bill, it would cover about 16 percent of the total number of unemployed in the Nation. If I am in error in that statement, I shall be happy to have the Senator set me straight. If the statement is accurate, is it not a rather difficult thing to call upon all the taxpayers to put up some \$390 million, which I think is the amount involved, in order to aid such a relatively small proportion of the areas of the country?

Mr. RANDOLPH. I know the Senator is familiar with the loan features of the proposed legislation—not the outright grants, but the revolving loan which will have to be repaid. I go back 25 years, and I remember that when we loaned men and women money with which to hold their homes together, \$1 billion was provided. I remember the opponents of such aid at that time said the money would not be repaid. I remind the Senator that the money was repaid. I remind the Senator that, while it is true that States such as West Virginia, and other areas, which need help will be given help under the bill, I think there is a oneness in this country and in our responsibilities to the people of the Nation. I certainly would attempt to aid the State of New York if it needed aid, just as I am sure, if the Senator were convinced of the merits of the proposal, he would want to aid the State of West Virginia.

We must not think of legislation as sectional; we must think of this country as a nation of people who are knit together. Sometimes the poverty existing in one area today may exist in another area tomorrow. No one knows what next year may bring to industrial sections of New York, some of which are already beginning to feel the pinch.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. DOUGLAS. Is it not true that the labor market areas of Amsterdam, Auburn, and Gloversville, N.Y., are areas of high unemployment and would be eligible under the provisions of this bill?

Mr. RANDOLPH. That is correct.

Mr. KEATING. So, there are three small areas in New York which would be eligible for assistance, if they are properly represented by the chart in the rear of the Chamber.

Mr. RANDOLPH. That is correct.

Mr. KEATING. The Senator from West Virginia is concerned about his area, and properly so; and I am concerned about the State of New York, and I believe properly so.

Mr. RANDOLPH. Yes.

Mr. KEATING. I am very worried about the provision on page 9, lines 20 through 24 of the bill, which sets forth that the financial assistance shall not be used to "assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment."

That would be a very difficult provision to administer. It would be very difficult to determine in advance whether there were going to be unemployment in one area if an industry moved to another area. I would not want to support a measure which would further draw industry away from New York, even if it should go to the State of West Virginia, notwithstanding the affection I hold for my colleague. If such legislation were placed on our statute books, I think certainly the basic purpose of it could not be served if we allowed any funds to be used to assist establishments in relocating in one part of the country rather than in another.

We in the Northeast, and in the State of New York, have suffered seriously from the removal of industries to other areas. I would not want to feel that I was sitting idly by and permitting legislation to be enacted which would further that process, and leave it to a board or bureau to determine whether it would give aid to an industry in West Virginia, or North Carolina, or some other area, before the situation developed.

I should like to hear the views of the Senator on that question. I believe there may be an amendment offered to cover that situation. I do not know what the views of the Senator are on that question. I would appreciate hearing them.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield to the Senator from Illinois, who is one of the leading sponsors of the bill.

Mr. DOUGLAS. I am interested in the comment which has been made by the Senator from New York. It seems to imply that New York does not have much unemployment; it is the other sections of the country which are in trouble.

I should like to remind my good friend from New York that, as of last February, 385,154 workers in New York were insured for unemployment; and, in addition to that, there were large numbers of other workers unemployed who were not insured.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. DOUGLAS. I would further remind my good friend that there were 269,265 persons in New York receiving surplus foods.

Mr. KEATING. Will the Senator yield?

Mr. DOUGLAS. Certainly.

Mr. KEATING. If those persons were covered by this bill, I would feel quite differently about the bill, but they are not eligible under its provisions.

Mr. DOUGLAS. They might well be.

Mr. KEATING. A very small number are eligible.

Mr. DOUGLAS. They might well be eligible tomorrow or next year.

Mr. KEATING. The taxpayers of New York will have to put up money, under the provisions of the bill, in order to help those in other areas. If the benefits of the bill were evenly and equitably divided among all the people of our country, I would be in favor of it; but I do not think the provisions of the bill are fair to the people of a State like New York.

The PRESIDING OFFICER. The Senator from West Virginia has the floor. Does he yield further; and if so, to whom?

Mr. RANDOLPH. Mr. President, I say in all good humor that the Senator from New York is not provincial; the Senator from New York, I am sure, is broad gaged. But I would remind those who are on the floor that those who today live on the ragged edges of an economic area which is depressed, as West Virginia is, may be joined by literally hundreds of thousands of other persons in a similar situation within a few weeks or a few months.

No one can suggest a cutoff point in connection with this problem.

The State of West Virginia alone, Mr. President, has needs which would almost exhaust the paltry provisions of the administration bill, if they were all to be met. For, according to the executive director of the West Virginia Industrial and Publicity Commission, to reduce unemployment in West Virginia to the national average of 6 percent would require the construction of 250 new plants employing 100 workers and a capital expenditure of \$75 million.

Of course, not under this bill nor any other bill do we expect such accomplishments. West Virginians do not expect miracles; nor do they seek manna from heaven in the form of Federal handouts. They do, however, expect—and they have a right to expect—responsiveness from their elected officials, at the Federal, as well as the State level, at a time of desperate need. They have a right to expect constructive leadership from the Federal Government in giving the necessary stimulus to redevelopment.

Senate bill 722 offers the provisions for such a stimulus. I need not repeat its provisions, which have been presented so clearly by those who have spoken on the matter. However, there is one facet of the bill which may bear more relevance to West Virginia's problems than those of some other areas. I refer to the proposal for vocational retraining, and the authorization of \$10 million for the purpose of subsistence payments to unemployed who are being retrained and are not entitled to unemployment compensation.

I stated a moment ago that this provision has particular relevance to the conditions in West Virginia because, due to the heavy reliance of our State economy on coal mining and the railroad industry, the inevitable technological developments in those fields have had an unduly harsh effect in the displacement of our workers. Thus, West Virginia, more than any other State, has felt the impact of technological unemployment.

Those workers who are still young enough to transfer to other types of employment can benefit immensely from vocational retraining and the subsistence payments authorized under this bill. West Virginia has a laboring force of high skills and native intelligence, Mr. President, and to allow these abilities and capacities to atrophy, to wither away through neglect, is not only to deny the right of the individual to a creative life, but to deny the Nation itself the fruits of his creation. It should not be necessary to remind ourselves, when we are faced with the prospect of total mobilization of resources in the relentless contest with the Soviet Union that such a denial constitutes a shameful and wanton waste of human resources.

Mr. President, I address a few words to the opponents of this bill—not to personalities, but to their philosophy of government responsibility in regard to this measure.

The stark truth is, Mr. President, that there is no private enterprise willing or able to occupy the vacuum against which this bill is directed. This is a bill to assist private enterprise and to make more viable a national economy based upon private enterprise. Only the most fanciful and fantasy-ridden doctrine could interpret S. 722 as governmental usurpation of the domain of private enterprise. On the contrary, S. 722 is an imaginative, creative, and realistic proposal to extend the domain of private enterprise where it is most needed.

Nor should we be distracted by the contention that area redevelopment is the sole function of State and municipal authority. For, as the Senator from Illinois [Mr. DOUGLAS] indicated during the hearings, the same interests who oppose Federal action when contemplated and advocate placing the responsibility upon the States and municipalities, then in turn oppose State and local governmental action on the ground of private responsibility. The results of such arguments are there for all of us to see in the pinched faces of hungry children, in the long lines before the employment security offices, and in the dazed and stricken looks of men who are willing to work but can secure no work.

I am ready to conclude, Mr. President, but before I do so I wish to make one additional statement: I do not desire to overstress my feelings, but I believe this is the time when the Senate needs to have not only purpose but also perhaps a little prayer in its heart. I feel we have the opportunity to serve, but also that perhaps some Senators, who think in terms of their own constituencies rather than the Nation, might well think a little of sacrificing something in the interest of the whole Nation.

I trust Senate bill 722 will be brought to very speedy passage in this body.

Mr. PROXMIRE and Mr. DOUGLAS addressed the Chair.

Mr. RANDOLPH. I yield first to the Senator from Wisconsin.

Mr. PROXMIRE. First, I wish to congratulate the distinguished Senator from West Virginia for his excellent, effective, and dramatic speech. I think the State of West Virginia is extremely

fortunate in having the kind of Senators it has, both of whom have made such strong speeches in favor of a bill which means so much to the State they represent.

To carry on a little bit the colloquy I began the other day with the distinguished junior Senator from West Virginia [Mr. BYRD] the present occupant of the Chair, I think the main point of the bill is that it is designed to help people who are located in an area in which there is no other way for them to get help.

Mr. RANDOLPH. The Senator is correct.

Mr. PROXMIRE. The fact is that these people are not going to be aided by seasonal work which may come along, or by cyclical work. These people are not in an area or a community where help can be provided them, because the industry of the area in which the community is organized has largely disappeared. These people are not in a State which can assist them. These are people who cannot help themselves at all.

A great Republican, perhaps the greatest of all, Abraham Lincoln, said:

The legitimate object of Government is to do for the people what needs to be done, but which they cannot by individual effort, do at all, or do so well, for themselves.

Mr. RANDOLPH. The Senator is correct.

Mr. PROXMIRE. If ever there as a bill before the Congress which fitted Lincoln's standard to a "T" it seems to me this bill does, because if we do not help the needy people of West Virginia the fact is they are going to continue to be destitute and to be without work. They are going to continue to be anxious to work, who have the ability to work, and who want to work, but who simply cannot find work. They need the work and they want the work.

I congratulate the senior Senator from West Virginia for an excellent speech.

I should like to add one further point. In the course of the colloquy which took place between the distinguished junior Senator from New York [Mr. KEATING] and the senior Senator from West Virginia [Mr. RANDOLPH] the Senator from New York raised the point that the bill might result in increasing unemployment in New York because it might take industries from New York and give them to West Virginia. In the course of that colloquy there was no opportunity to reply to the Senator from New York.

I point out that on page 9 of the bill, in line 20, the following language occurs:

Such financial assistance shall not be extended for working capital, or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

That language was put into the bill for precisely the reason which was voiced by the Senator from New York, that is, to make sure that the national economy as a whole is not damaged in any way, and that no section or area of the country will be damaged by the bill.

Mr. RANDOLPH. That is a protective amendment, as the Senator has well said.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. CARLSON. The senior Senator from West Virginia has very ably discussed a very important subject, of concern not only to West Virginia, but to many other areas of the country, including some sections of my own State.

While the picture he has painted seems dark, there are also some bright spots in the State of West Virginia. One of them, which he should have mentioned, is West Virginia's basketball team. It so happened that Kansas State was the No. 1 team in the Nation, but it had some difficulty in a regional contest, in which it was eliminated. Our team cannot now win. I not only assure the Senator from West Virginia that we are proud of his team, but I hope it will win the national championship.

Mr. RANDOLPH. I thank my colleague. Tonight at Louisville we hope the Mountaineers of West Virginia will win, and go on to the finals in tomorrow night's contest.

One of the boys on that team is Jerry West. He is 6 feet 5 inches tall. Returning to the subject, let me say—not facetiously—that we in West Virginia want all of our people to stand tall. We believe that the proposed legislation, if it is passed and properly administered, will help us to help ourselves. If it becomes law it will not only return the original monetary investment, but it will also return dividends in the form of an improved economy and a strengthened morale.

Mr. SCOTT. Mr. President, it is my intention, at the appropriate time—and when the vote is taken on the area redevelopment bill, S. 722—to offer S. 268, which I introduced on January 14, as an amendment in the nature of a substitute.

I do not ask to have S. 268 reprinted as an amendment to S. 722, because I do not think it is necessary. Copies of S. 268 are available, and I have had a brief summary mimeographed for the use of the Senate. I ask unanimous consent that the summary may be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

**BRIEF ANALYSIS OF AREA REDEVELOPMENT BILL
INTRODUCED BY SENATOR HUGH SCOTT**

(Intended to be offered as amendment in nature of a substitute to S. 722)

1. Authorizes appropriation of \$200 million for a revolving loan fund: \$100 million to industrial areas; \$50 million to rural areas; and \$50 million to public facilities.

2. Provides for Federal loan participation of 50 percent, with State, local government or nongovernment sources providing matching 50 percent.

3. No outright grants for public facilities.

4. Provides for loans over period of 30 years.

5. Places program under Department of Commerce.

6. Authorizes Secretary of Commerce to determine realistic rates of interest on all loans.

7. Authorizes loans to industrial areas with following unemployment levels: 15

percent unemployment for 6 months, or 12 percent unemployment for 1 year, or 9 percent for 15 out of 18 months, or 6 percent for 18 out of 24 months, preceding date of application.

8. Contains special urban renewal section to permit Housing and Home Finance to give financial assistance to urban renewal projects in municipalities, without regard to predominantly residential requirement.

9. Contains Davis-Bacon Act provision to assure prevailing wage and 40-hour week on contracts.

10. Authorizes technical assistance of \$3.5 million for surveys and evaluation studies.

11. Requires State or its instrumentality to establish local redevelopment plans.

12. Establishes Cabinet-level Advisory Board and 25-member public advisory committee.

Mr. DOUGLAS. Mr. President, I rise to speak on the area redevelopment bill, S. 722, which I reported 2 days ago on behalf of the Senate Committee on Banking and Currency. I shall discuss the desperate need for action, our national responsibilities in this regard, how S. 722 would help, the European experience with area redevelopment programs, and the background of attempts to establish such a program in this country.

THE DESPERATE NEED FOR ACTION

It is only with the greatest difficulty that one can discuss this measure. Were I to talk about the issue purely from my heart, I fear that many of my colleagues would mistakenly think I was exaggerating. On the other hand, were I to analyze the bill in cold statistics and pure economic reasoning, I would lose its basic purpose.

The hard fact is, however, that in this, the richest and most powerful Nation the world has ever known, the specter of prolonged unemployment and poverty still stalks the streets and the rural routes in numerous and vast areas of the country. This joblessness is no short-run affair. It is not made up of workers temporarily between jobs. Like a heavy, acrid smog, it has lingered for years over the entire State of West Virginia, as the two distinguished Senators from that State have made clear, stifling initiative and morale, smothering hope itself. It has pervaded huge sections of New England, the Middle Atlantic, and the South. And it has invaded sections of the Midwest, the Southwest, and the Far West.

This specter of prolonged unemployment does not walk alone. In its presence we often find hunger, disease, and mental anguish. It is visible in the wan faces of hungry and ill-clad children, relatively helpless as their parents slip deeper and deeper into the abyss of utter despair. Stouthearted womenfolk fight back only to be met with defeat after defeat. Jaunty, good humored, hardworking fathers have been worn down by enforced idleness.

Breadlines? There are few breadlines. But in West Virginia, a quarter of a million people line up for free food from surplus commodities. In some counties, 40 percent of the population is on relief. Twenty-five percent is common.

Not only in West Virginia, but all over the country, large numbers of people are

receiving surplus foods. In January of this year no fewer than 5,605,824 people were receiving the barest amount of surplus foods, such as cornmeal, cheese, powdered milk, a little butter, and a little flour.

The two Senators from West Virginia pointed out that in that State approximately 283,000 people were in receipt of surplus commodities. In Pennsylvania no fewer than 851,000 persons are in receipt of surplus foods; in Oklahoma 252,000; in the State of New York 369,000; in the State of Mississippi 408,000; in the State of Michigan 534,000; in the State of Kentucky 267,000; and in the State of Arkansas 279,000. This is indicative, in some measure, of the great need which exists all over the country.

I ask unanimous consent to insert at this point a table showing the number of persons receiving surplus foods in the various States as of January 1959.

There being no objection, the table was ordered printed in the RECORD as follows:

*Number of persons receiving surplus foods
January 1959*

Alabama.....	130, 118
Arizona.....	42, 221
Arkansas.....	278, 852
California.....	67, 333
Colorado.....	25, 845
Connecticut.....	1, 246
District of Columbia.....	37, 000
Georgia.....	43, 307
Illinois.....	80, 549
Indiana.....	101, 338
Iowa.....	93, 513
Kansas.....	11, 476
Kentucky.....	267, 016
Louisiana.....	170, 465
Maine.....	59, 442
Maryland.....	47, 006
Massachusetts.....	4, 303
Michigan.....	533, 914
Minnesota.....	46, 960
Mississippi.....	407, 756
Missouri.....	117, 548
Montana.....	11, 031
Nebraska.....	2, 107
Nevada.....	1, 301
New Hampshire.....	8, 289
New Jersey.....	21, 965
New Mexico.....	42, 159
New York.....	369, 265
North Carolina.....	964
North Dakota.....	11, 299
Ohio.....	68, 883
Oklahoma.....	252, 301
Pennsylvania.....	851, 203
Puerto Rico.....	602, 749
Rhode Island.....	12, 777
South Carolina.....	2, 248
South Dakota.....	39, 307
Tennessee.....	165, 415
Texas.....	142, 446
Utah.....	25, 453
Vermont.....	13, 924
Virginia.....	37, 765
Washington.....	7, 494
West Virginia.....	282, 575
Wisconsin.....	55, 902
Wyoming.....	8, 959
Trust territories.....	5, 835

Total—United States..... 5, 605, 824
SOURCE.—Department of Agriculture

Mr. DOUGLAS. How can this be? Nationwide there is somewhat more than six percent unemployment, which is far higher than it should be when we take into consideration involuntary part time, but it would not seem in itself to be dis-

astrous. The output of goods and services is rising. Total personal income and profits are heading up. How can we have this destitution in the midst of what is sometimes said to be an affluent society? The answer is simple. Averages and totals cannot tell the true story.

Suppose the average income of five families is \$5,000 a year. This would seem to indicate that they are not in dire need. But suppose one of the families makes \$25,000 and the other four families make nothing at all. Their average income is still \$5,000, but the fact is that 4 out of 5 of these families are poverty-stricken.

The latest figure shows that 4.7 million persons in the United States are walking the streets hunting work. This is a little more than six percent of all workers. That is seemingly not disastrous. However, in addition to those persons, there are the involuntary part-time workers. These would amount to an equivalent of approximately a million full-time unemployed workers, making a total average of around 7½ percent of the labor force. But let us part the curtains and look behind the totals, for we often fail to see the trees for the forest, as well as the other way around.

HIGH DEGREE OF UNEMPLOYMENT IN MANY AREAS

In the Altoona, Johnstown, Scranton, and Wilkes-Barre areas in Pennsylvania, one worker out of six has failed to find a job. In the areas of Beckley, Bluefield, Logan, Morgantown, and Welch in West Virginia, the proportion was nearer to one out of every five.

Almost 13 percent of all workers in the areas of Bristol, Norwich, and Thompsonville, Conn., were without work.

I should like to call these latter figures particularly to the attention of the senior Senator from Connecticut [Mr. BUSH]. Unemployment hovers around 17 percent in the Harrisburg, Herrin, Murphysboro, and West Frankfort areas in my own State of Illinois. Unemployment is also high in the southernmost tip counties of Illinois around Cairo, and in those counties are included the labor market area across the river in Kentucky. The Jasper, Ala., area, had more than 13 percent unemployed, as did the Muncie and New Castle areas in Indiana.

I am stating the areas, not merely the towns.

In the Kentucky areas of Corbin, Hazard, Madisonville, Middlesboro, Paducah, Paintsville, and Pikesville, the rate of unemployment ranged from 12 to nearly 23 percent. Maine, Maryland, Michigan, Missouri, Montana, New York, North Carolina, and Tennessee all had areas with over 12 percent unemployment.

I have mentioned only some of the areas with currently high rates. But unemployment, as such, is not disastrous, if it continues for only a brief period of time. What is disastrous is being without a job for a year, 2 years, or even longer.

Now let me refer to a chart I have had prepared, which indicates the persistence of unemployment in the major areas of employment.

This is indicated, for the major areas, in the third chart in the back of the

Chamber, and for the minor areas in the fourth chart.

In the Terre Haute, Ind., area, unemployment has ranged from 6 to over 12 percent every month for 4 solid years. The same is true of the areas of Lawrence, Mass.; Johnstown, Scranton, and Wilkes-Barre, Pa.; Providence, R.I.; and Charleston, W. Va. These are the so-called major areas of substantial labor surplus. There are also numerous smaller areas in the same situation. Southern Illinois areas have been in grave difficulties for many years on end.

In the southern Illinois communities, unemployment has been more than 16 percent for at least 4 continuous years, and more than 20 percent for a large portion of the time.

Mr. President, in conjunction with the moving addresses which have been delivered before I took the floor, I hope we shall have established the need for a sound program to combat joblessness in the many distressed areas of the Nation.

Yesterday the distinguished junior Senator from West Virginia [Mr. BYRD], who is now in the chair, presiding over the Senate, produced a great mass of evidence regarding West Virginia. The Senator from Kentucky, who will follow me in a few minutes, will produce equally strong evidence affecting the people of his State. This evidence could be multiplied by various other sections of the country. I could go on with the growing evidence of malnutrition, rickets among children, actual death by starvation; of family desertions by defeated fathers; of growing crime rates—the stealing not so much of money as of food; of children trudging to school through snow in worn-out tennis shoes. Our committee hearings are replete with proof of the human misery in these areas this very day.

I regret that the national press so largely ignores these facts, and that national officials so largely ignore them. I shall, however, dwell no longer on these deep human needs, which the press and national officials so largely ignore. However, let us never forget what is going on as we struggle to enact a program to deal with this situation.

OUR NATIONAL RESPONSIBILITIES

I know that some will ask a question at this point, and it is a logical one. Why do these people stay in these places? Why do they not leave and seek work elsewhere? The answer is that they do. That is why unemployment rates are 12 instead of 25 percent, or 20 instead of 40 percent. But migration cannot solve the problem.

In the first place, many of the persons thrown out of work are over 40 or 50 years of age and face discrimination because of their age when seeking a job. They leave their families only to return more defeated than before. Second, they lack training for the available jobs in other areas. We must remember moreover that there is a ceiling on jobs in the other localities. The total number of employed in manufacturing is diminishing. The number of job opportunities elsewhere is limited.

Fourth, the roots and homes of these people are in these areas. They keep

up their hopes for the future in these areas. It is hard for a man to give up all he has worked for in his home, his neighborhood, church, and local groups, especially after investing most of his life in them.

Fifth, some families have gone deeply in debt and do not like to run out on their obligations. Moreover, those who migrate and find jobs are, because of low seniority in their new employment, the first to be laid off in a recession. So they head back home.

There are other reasons. But the basic answer to the question "Why do not more persons in these areas move?" is that they would if they could but they cannot.

The next question, also logical, might be "Well, what can we do about it? Why send good money after bad? What good would it do? Anyway, is this not a local rather than a national problem?" The overtones of this argument were heard a few minutes ago when the distinguished junior Senator from New York, who has recently joined us, implied what does New York have to do with the unemployed people of West Virginia?

Mr. President, we are one Nation. We cannot keep these pockets of distress isolated from the rest of the Nation any more than we can keep cancer cells isolated from the rest of the body. Once the cancer begins to move and to concentrate, it will spread. I say it is in the interest of the Nation to try to eliminate cancerous areas of high and persistent unemployment.

In some cases, perhaps, little can be done. For the program envisaged by our area redevelopment bill is not a handout or a dole. It is not a relief measure. Rather, it is a program of long-term investment in repayable loans to help these areas to help themselves.

The fact is that many of these areas have natural resources, strategic locations, and an available labor supply. They are ripe for new industries, but private capital is not available. In such depressed communities local capital is normally limited and less venturesome than in places where greater prosperity prevails.

Furthermore, a long period of unemployment will have drawn down local savings and other local funds in local banks. Local capital is less venturesome because there has been a long period of decline.

NEED FOR ADDITIONAL CAPITAL

Moreover, outside capital is reluctant to enter these communities. Insurance companies do not want to put money into areas which are distressed and where employment and production have been on the downgrade. Investment bankers do not wish to make loans. What is needed in these localities, among other things, is credit on favorable terms and at low rates of interest, so that they can both develop their public facilities so as to make them more attractive to new industry, and establish new enterprises to create new jobs in the area. The Federal Government can be most helpful in assisting such communities, with the co-

operation of private lending institutions and State and local governments, to raise the funds necessary to expand the economic base. A long-term loan at a low rate of interest granted by the Federal Government in some cases may be just the added incentive necessary for the unleashing of other private capital to develop many of these areas.

In a sense, what we are proposing is to provide a locality with "seed capital" which can help start new enterprises around which local capital, local community facilities, outside capital, and all the rest, can cluster.

Failing to aid badly distressed areas which might recover with a little help would be a waste of valuable resources. What is a prolonged depression? A prolonged depression in an area means the gradual disintegration of community facilities—schools, stores, hospitals, banks, office buildings, homes, churches, paved streets, sidewalks, sewer and water supply systems, and all of the community services which were required at great expense and which are now wasting away. Moreover, a successful area redevelopment program would serve to reduce public outlays for unemployment compensation, relief, and various other forms of public assistance—payments for which no current production is received in return. The best remedy for unemployment is work and jobs. That is the purpose of this bill, S. 722.

S. 722 IS NOT INFLATIONARY

The Employment Act of 1946 declares that the Federal Government should promote maximum employment. But there is a limit to the effectiveness of broad-scale programs to alleviate joblessness. Many—probably most—of the cities of the United States are not badly depressed. Moreover, a nationwide program to alleviate joblessness and poverty, which affects all areas alike, might create inflationary pressures by causing new investments where unemployment is small. In these cases, there would be no slack, or little slack, for the additional expenditures to take up, and pouring new money into such areas would tend to bid up prices instead of actually increasing production.

Channeling investments into areas of high unemployment or underemployment is, however, a different matter. Large reservoirs of idle manpower would be put to work and production would increase. This added output would offset in whole or in large part the extra monetary purchasing powers added to the industrial sector of the country, and hence cannot be called inflationary.

The other day I placed in the RECORD an algebraic formula which describes the quantity theory of money. I pointed out that "P," the general price level, is equal to MV plus M'V' over

$$T, \text{ or } M = \frac{MV + M'V'}{T}$$

"M" is the symbol for the cash; "V" is the velocity of circulation of the cash. "M'" is the quantity of bank credit or demand deposits. "V'" is the velocity of circulation of bank deposits. The denominator "T" is the symbol for the

physical production or real national income.

The unimaginative interpretation of the quantitative theory of money is that if the numerator is increased, it necessarily means that P must increase. So it would, if the denominator T were not increased at the same time.

But if by adding additional bank credit and monetary purchasing power, idle labor is put to work, together with resources which otherwise would be unemployed and idle, the denominator T would be increased at the same time that M' is increased.

The consequent increase in T would certainly diminish the increase in P which would otherwise result, and might indeed compensate for the increase in M' and prevent any increase in the price level at all.

I invite the naive advocates of the quantitative theory of money to read the CONGRESSIONAL RECORD tomorrow morning and examine this equation. If they do, they will find that what I have said is correct. The trouble is that many so-called orthodox folk who think that every time bank credit is increased prices will necessarily be increased, assume that such an increase will have no effect whatsoever upon production. But to the degree the increase in the circulating medium does cause the volume of production to increase, this serves as an offset, in whole or in part, for the increase in the quantity of money or credit.

This is one of the greatest weaknesses, I may say, in the economic reasoning of the so-called orthodox school. They assume full employment and the full utilization of resources. Under such conditions, if the labor supply and resources are fully employed, then if more purchasing power is added, it does overflow and spills over in an increase in the price level.

But if there are idle resources and idle labor, the addition of monetary purchasing power may put to work labor which otherwise would be idle, and thus increase the real national income. So let there be no talk about the inflationary effects of the bill by exponents of the half-baked orthodox quantitative theories.

Thus, the area redevelopment bill reported by the Committee on Banking and Currency would reduce unemployment and poverty where they are the worst. The minority, in their views, complain because the program is not distributed evenly over the Nation. The junior Senator from New York [Mr. KEATING] seemed to be complaining about this point. The bill is intended to reduce unemployment in areas where unemployment is the worst. That is the purpose of the bill.

We believe also that the bill will have a beneficial effect upon the Nation, because it will build up purchasing power in the distressed areas, and the people in those areas will then buy products from other sections of the country, and reduce unemployment there, or prevent conditions from getting worse there; moreover there will not be the same pressure

for the migration of labor which there otherwise would be.

Let me make it clear, this is not a program designed to cure either great industrial depressions or seasonal unemployment. We do not claim that; we never have claimed it. But it would reduce the persistent and deep pockets of the unemployed, and hence decrease so-called structural unemployment. General monetary and fiscal policy cannot reach structural unemployment, due to shifts of demand, diminishing natural resources, and improved technical methods, and other factors, which have left so many American families stranded.

Unemployment in the depressed areas cannot be reduced appreciably by a general monetary or fiscal policy. It is necessary to have a sound plan designed specifically for the situation, and that, we believe, is what S. 722 would provide.

HOW S. 722 WOULD HELP

Senate bill 722 proposes the establishment of an Area Redevelopment Administration, headed by an Administrator with power to designate redevelopment areas and allocate help to them in the form of loans and assistance. To be eligible for help, an area would have to qualify under certain criteria. There would be two types of areas—industrial and rural.

As of January of this year, the Department of Labor designated 76 major areas located in 25 States as "areas of substantial labor surplus", namely, those with unemployment in excess of 6 percent. One hundred and eighty-three smaller areas in 35 States fell into this category.

I wish to emphasize that these are areas, not merely towns. On the map, we have had to designate them at the location of the towns on which they are centered; but the labor areas cover not only the towns, but also the surrounding regions of indefinite extent. So the designation applies not only to the towns, but also to the regions which surround them.

In general, this means that after making allowances for temporary and seasonal changes, those seeking work in the area and unable to find it must account for at least 6 percent of the total working force.

Mr. President, I ask unanimous consent to have a list of these areas printed in the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

AREAS OF SUBSTANTIAL LABOR SURPLUS, JANUARY 1959 MAJOR AREAS

Alabama: Birmingham, Mobile.
Connecticut: Bridgeport, New Britain, New Haven, Waterbury.
Illinois: Chicago, Joliet.
Indiana: Evansville, Fort Wayne, South Bend, Terre Haute.
Kentucky: Louisville.
Maine: Portland.
Maryland: Baltimore.
Massachusetts: Brockton, Fall River, Lawrence, Lowell, New Bedford, Springfield, Hioyoke, Worcester.
Michigan: Battle Creek, Detroit, Flint, Grand Rapids, Lansing, Muskegon, Saginaw.

Minnesota: Duluth-Superior.
Missouri: Kansas City, St. Louis.
New Jersey: Atlantic City, Newark, Paterson, Perth Amboy, Trenton.
New York: Albany-Schenectady-Troy, Binghamton, Buffalo, New York, Syracuse, Utica-Rome.
North Carolina: Asheville, Durham.
Ohio: Canton, Lorain-Elyria, Toledo, Youngstown.
Oregon: Portland.
Pennsylvania: Allentown-Bethlehem-Easton, Altoona, Erie, Johnstown, Philadelphia, Pittsburgh, Reading, Scranton, Wilkes-Barre-Hazleton, York.
Puerto Rico: Mayaguez, Ponce, San Juan.
Rhode Island: Providence.
Tennessee: Chattanooga, Knoxville, Memphis.
Texas: Beaumont-Port Arthur, Corpus Christi.
Virginia: Roanoke.
Washington: Spokane, Tacoma.
West Virginia: Charleston, Huntington-Ashland, Wheeling-Steubenville.
Wisconsin: Racine.

SMALLER AREAS¹

Alabama: Alexander City, Anniston, Florence-Sheffield, Gadsden, Jasper, Talladega.
Alaska: Anchorage.
Arkansas: Fort Smith.
California: Eureka, Ukiah.
Colorado: Pueblo.
Connecticut: Ansonia, Bristol, Danbury, Danielson, Meriden, Middletown, Norwich, Thompsonville, Torrington, Williamantic.
Georgia: Toccoa.
Illinois: Canton, Centralia, Decatur, Harrisburg, Herrin-Murphysboro-West Frankfort, Litchfield, Mount Carmel-Olney, Mount Vernon.
Indiana: Anderson, Columbus, Connersville, Michigan City-La Porte, Muncie, New Castle, Richmond, Vincennes.
Iowa: Ottumwa.
Kansas: Coffeyville-Independence-Parsons, Pittsburg.
Kentucky: Corbin, Hazard, Hopkinsville, Madisonville, Middlesboro-Harlan, Morehead-Grayson, Owensboro, Paducah, Paintsville-Prestonsburg, Pikeville-Williamson.
Louisiana: Opelousas.
Maine: Biddeford-Sanford, Lewiston.
Maryland: Cumberland, Frederick, Westminster.
Massachusetts: Fitchburg, Greenfield, Haverill, Marlboro, Milford, Newburyport, North Adams, Pittsfield, Southbridge-Webster, Taunton, Ware.
Michigan: Adrian, Allegan, Ann Arbor-Ypsilanti, Bay City, Benton Harbor, Escanaba, Holland-Grand Haven, Ionia-Belding-Greenville, Iron Mountain, Jackson, Marquette, Monroe, Owosso, Port Huron, Sturgis.
Mississippi: Greenville.
Missouri: Cape Girardeau, Flat River-De Soto-Festus, Joplin.
Montana: Butte, Great Falls, Kalispell.
New Jersey: Bridgeton, Long Branch, Morristown-Dover, Plainfield-Somerville.
New York: Amsterdam, Auburn, Batavia, Corning-Hornell, Elmira, Glens Falls-Hudson Falls, Gloversville, Jamestown-Dunkirk, Kingston, Newburg-Middletown-Beacon, Olean-Salamanca, Oneida, Watertown, Wells-ville.
North Carolina: Fayetteville, Kinston, Mount Airy, Rockingham-Hamlet, Rocky Mount, Rutherfordton-Forest City, Shelby-Kings Mountain, Waynesville.
Ohio: Ashtabula-Conneaut, Athens-Logan-Nelsonville, Batavia-Georgetown-West Union, Cambridge, Defiance, East Liverpool-Salem,

¹ These areas are not part of the regular area labor market reporting and area classification program of the Bureau of Employment Security and its affiliated State employment security agencies.

Source: Department of Labor.

Findlay-Tiffin-Fostoria, Kent-Ravenna, Kenton, Marietta, New Philadelphia-Dover, Portsmouth-Chillicothe, Springfield, Zanesville.

Oklahoma: Ardmore, McAlester, Okmulgee-Henryetta.

Oregon: Albany, Coos Bay, Eugene, Pendleton, Roseburg.

Pennsylvania: Berwick-Bloomsburg, Butler, Clearfield-DuBois, Lewistown, Lock Haven, New Castle, Oil City-Franklin-Titusville, Pottsville, Sayre-Athens-Towanda, Sunbury-Shamokin-Mount Carmel, Uniontown-Connellsville, Williamsport.

Rhode Island: Newport.

Tennessee: Bristol-Johnson City-Kingsport, La Follette-Jellico-Tazewell.

Texas: Laredo, Texarkana.

Vermont: Burlington, Springfield.

Virginia: Big Stone Gap-Appalachia, Radford-Pulaski, Richlands-Bluefield.

Washington: Aberdeen, Anacortes, Bellingham, Bremerton, Everett, Olympia, Port Angeles.

West Virginia: Beckley, Bluefield, Clarksburg, Fairmont, Logan, Martinsburg, Morgantown, Parkersburg, Point Pleasant-Gallipolis, Roncove-White Sulphur Springs, Welch.

Wisconsin: Beloit, Eau Claire-Chippewa, La Crosse, Oshkosh, Watertown.

Mr. DOUGLAS. Mr. President, in order to qualify for help under the terms of Senate bill 722, an area must have been subjected to persistent as well as high unemployment; and the 6 percent test is an absolute minimum. In addition, the joblessness of an area must have been 50 percent above the national average for 3 out of the 4 years, or 75 percent above for 2 out of the 3 years, or 100 percent above for 1 out of the 2 years immediately preceding its application. These criteria have been criticized by our friends of the minority. Of course, it is very interesting that these criteria are the same as those used by the administration in its objections to the bill. These criteria were adopted by the committee in a move to meet one of the administration's objections to the bill. These are the same as those proposed by the administration, except that the qualifying time periods were reduced by one year.

In other words, Senate bill 722 would make eligible for loans only the most hard-hit industrial areas among those already classified as having substantial labor surplus.

Of course, if we attempted to apply this program to everyone, the minority would say we were trying to spread it too thin over the entire Nation. But now that we propose to apply it only to the areas most in need, the minority says we should apply it to the entire Nation. In short, when one deals with the minority, one cannot win, because the minority will say that the proposal is either too thick or too thin, too hot or too cold, too young or too old. So in dealing with the minority, one simply cannot win; according to the minority, a Democrat is never correct.

According to the best estimates of the Department of Labor, 112 industrial areas spread over 26 States qualify for the designation of "industrial redevelopment area" under the terms of Senate bill 722.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a list of these areas.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

AREAS WHICH MAY QUALIFY FOR FEDERAL ASSISTANCE AS AREAS WITH SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT UNDER S. 722,¹ MARCH 1959

- MAJOR AREAS² (23 MAJOR AREAS)
- Indiana: Evansville, South Bend, Terre Haute.
- Massachusetts: Fall River, Lawrence, Lowell, New Bedford.
- Michigan: Detroit, Flint, Grand Rapids, Muskegon.
- New Jersey: Atlantic City.
- North Carolina: Asheville.
- Ohio: Lorain-Elyria.⁴
- Pennsylvania: Altoona, Erie,³ Johnstown, Scranton, Wilkes-Barre-Hazleton.
- Rhode Island: Providence.
- Tennessee: Knoxville.
- West Virginia: Charleston, Huntington-Ashland.⁴

- SMALLER AREAS⁵ (89 SMALLER AREAS)
- Alabama: Florence-Sheffield, Jasper, Talladega.³
- Alaska: Anchorage.
- Connecticut: Bristol, Danielson, Norwich.³
- Illinois: Centralia, Harrisburg, Herrin-Murphysboro-West Frankfort, Litchfield, Mount Carmel-Olney,³ Mount Vernon.
- Indiana: Michigan City-La Porte, Muncie, New Castle,⁴ Vincennes.
- Kansas: Coffeyville-Independence-Parsons,³ Pittsburg.
- Kentucky: Corbin, Hazard, Hopkinsville, Madisonville, Middlesboro-Harlan, Morehead-Grayson, Owensboro, Paducah, Paintsville-Prestonsburg, Pikeville-Williamson.
- Maine: Biddeford-Sanford, Lewiston.³
- Maryland: Cumberland.
- Massachusetts: Milford,³ North Adams, Southbridge-Webster, Taunton.³

¹ This listing is preliminary and tentative, and is based largely on bimonthly or semiannual data compiled from area labor market reports prepared in connection with the Bureau of Employment Security's program for the classification of areas according to relative adequacy of labor supply. Data used cover a 2 to 5 year period extending through the closing months of 1958; early 1959 data, now becoming available for some areas could result in several changes in the above listing. A more comprehensive review of area data on a monthly—rather than bimonthly or semiannual basis, and in the light of whatever criteria may be included in the bill finally enacted, would be required to determine which areas are eligible for assistance as areas with substantial and persistent unemployment.

² Major areas are areas included in the Bureau of Employment Security's regular area labor market reporting and classification program. This program covers 149 of the country's leading employment centers. Unemployment and labor force data for these areas are generally available on bimonthly basis.

³ Borderline.

⁴ Appears eligible solely on the basis of unemployment 100 percent above national average for 1 of the preceding 2 years.

⁵ Smaller areas: Areas with a labor force of 15,000 or more which are officially classified as "smaller areas of substantial labor surplus" by the Bureau of Employment Security. Data for such areas are generally available on a semiannual basis. Information for smaller areas which are not classified, or for areas with a labor force of less than 15,000, is not available in Washington on a consistent basis.

Source: U.S. Department of Labor, Bureau of Employment Security, Office of Program Review and Analysis, Washington, D.C., Mar. 13, 1959.

- Michigan: Adrian, Bay City, Escanaba, Ionia-Belding-Greenville,⁴ Iron Mountain, Marquette, Monroe, Owosso,⁴ Port Huron.
- Missouri: Joplin.
- Montana: Butte, Kalispell.³
- New Jersey: Bridgeton, Long Branch.
- New York: Amsterdam, Auburn,⁴ Gloversville.
- North Carolina: Fayetteville, Mount Airy, Rickingham-Hamlet, Shelby-Kings Mountain.
- Ohio: Portsmouth-Chillicothe, Springfield,³
- Oklahoma: McAlester.
- Oregon: Coos Bay.³
- Pennsylvania: Berwick-Bloomsburg, Clearfield-DuBois, Lewistown, Lock Haven, New Castle,⁴ Pottsville, Sunbury-Shamokin-Mount Carmel, Uniontown-Connellsville, Williamsport.

- Tennessee: LaFollette-Jellico-Tazewell.
- Texas: Texarkana.
- Virginia: Big Stone Gap-Appalachia, Radford-Pulaski.
- Washington: Aberdeen, Anacortes, Bellingham, Everett, Olympia, Port Angeles.
- West Virginia: Beckley, Bluefield, Clarksburg,⁴ Fairmount, Logan, Morgantown, Point Pleasant-Gallipolis, Ronceverte-White Sulphur Springs, Welch.

Mr. DOUGLAS. Mr. President, there is, in the Chamber, a chart which indicates the degree and persistence of unemployment in the major areas covered by S. 722. I ask unanimous consent, at this point, to insert a table in the RECORD which indicates the degree and persistence of unemployment in the smaller areas.

There being no objection, the table was ordered printed as follows:

Degree and persistence of joblessness in smaller areas covered by S. 722

Key: x = 6 to 10 percent
X = over 10 percent
— = not available

	1954	1955	1956	1957	1958
Alabama:					
Florence-Sheffield.....	x	x	x	x	x
Jasper.....	—	X	x	—	X
Talladega.....	x	X	x	—	X
Alaska: Anchorage.....	—	—	—	X	x
Connecticut:					
Bristol.....	—	x	—	x	X
Danielson.....	—	X	x	—	x
Norwich.....	—	—	—	x	X
Illinois:					
Centralia.....	—	—	—	x	X
Harrisburg.....	X	X	X	X	X
Herrin-Murphysboro.....	X	X	X	X	X
West Frankfort.....	X	X	X	X	X
Litchfield.....	X	X	X	x	x
Mount Carmel-Olney.....	—	x	x	x	x
Mount Vernon.....	X	X	X	x	x
Indiana:					
Michigan City-La Porte.....	X	X	x	x	X
Muncie.....	—	x	—	X	X
New Castle.....	—	—	—	—	X
Vincennes.....	X	X	X	X	x
Kansas:					
Coffeyville-Independence-Parsons.....	—	—	x	x	x
Pittsburg.....	X	X	X	x	X
Kentucky:					
Corbin.....	X	X	x	X	X
Hazard.....	X	X	X	X	X
Hopkinsville.....	—	—	x	—	x
Madisonville.....	X	X	X	x	X
Middlesboro-Harlan.....	X	X	X	X	X
Morehead-Grayson.....	X	X	X	x	X
Owensboro.....	X	X	x	x	x
Paducah.....	—	—	—	X	x
Paintsville-Prestonsburg.....	X	X	X	X	X
Pikeville-Williamson.....	X	X	X	X	X
Maine:					
Biddeford-Sanford.....	x	x	X	x	X
Lewiston.....	—	—	—	—	x
Maryland: Cumberland.....	X	X	X	X	X
Massachusetts:					
Milford.....	x	x	x	—	x
North Adams.....	x	x	—	—	x
Southbridge-Webster.....	X	X	x	—	X
Taunton.....	—	—	—	x	X

Degree and persistence of joblessness in smaller areas covered by S. 722—Con.

Key: x = 6 to 10 percent
X = over 10 percent
— = not available

	1954	1955	1956	1957	1958
Michigan:					
Adrian.....	x	x	—	—	X
Bay City.....	x	X	x	—	X
Escanaba.....	—	X	—	x	X
Ionia-Belding-Greenville.....	X	—	—	—	X
Iron Mountain.....	X	X	x	x	X
Marquette.....	—	x	x	x	X
Monroe.....	x	x	x	x	x
Owosso.....	x	x	—	—	X
Port Huron.....	x	X	x	x	x
Missouri: Joplin.....	x	—	x	—	x
Montana:					
Butte.....	—	—	—	x	X
Kalispell.....	—	—	—	—	X
New Jersey:					
Bridgeton.....	—	x	x	x	X
Long Branch.....	—	x	x	—	x
New York:					
Amsterdam.....	X	X	X	x	X
Auburn.....	X	X	x	—	X
Gloversville.....	X	x	X	—	X
North Carolina:					
Fayetteville.....	—	x	x	x	X
Mount Airy.....	—	x	x	x	x
Rockingham-Hamlet.....	—	—	—	X	X
Shelby-Kings Mountain.....	—	x	X	x	X
Ohio:					
Portsmouth-Chillicothe.....	—	—	—	x	X
Springfield.....	x	x	x	—	X
Oklahoma: McAlester.....	x	x	x	x	X
Oregon: Coos Bay.....	—	—	—	x	x
Pennsylvania:					
Berwick-Bloomsburg.....	x	X	x	X	x
Clearfield-DuBois.....	X	X	X	x	X
Lewistown.....	—	x	x	—	X
Lock Haven.....	X	X	x	—	X
New Castle.....	X	x	x	—	X
Pottsville.....	X	X	X	X	X
Sunbury-Shamokin-Mount Carmel.....	X	X	x	x	X
Uniontown-Connellsville.....	X	X	X	X	X
Williamsport.....	X	x	x	—	x
Tennessee: LaFollette-Jellico-Tazewell.....	X	X	X	X	x
Texas: Texarkana.....	x	x	x	x	x
Virginia:					
Big Stone Gap-Appalachia.....	X	X	X	x	X
Radford-Pulaski.....	x	X	x	x	x
Washington:					
Aberdeen.....	—	—	—	X	x
Anacortes.....	—	—	—	X	X
Bellingham.....	—	—	—	X	x
Everett.....	—	—	—	X	x
Olympia.....	—	—	—	X	x
Port Angeles.....	—	—	—	X	x
West Virginia:					
Beckley.....	X	X	X	x	X
Bluefield.....	x	X	x	x	X
Clarksburg.....	x	x	x	—	X
Fairmont.....	X	X	x	x	X
Logan.....	X	X	x	x	X
Morgantown.....	X	X	x	—	X
Point Pleasant-Gallipolis.....	X	X	x	x	X
Ronceverte-White Sulphur Springs.....	X	X	x	x	X
Welch.....	x	X	x	x	X

Mr. DOUGLAS. Mr. President, about 6.3 million workers, or roughly one-tenth of the total national civilian labor force, are located in these areas. However, the same areas account for about 17 percent of total national unemployment. In addition, 12.2 percent of the work force—or one worker out of every eight—in these 112 areas is unemployed, a rate twice as high as the current national average. Thus, it becomes apparent that Senate bill 722 strikes directly at unemployment only where help is needed most. This bill also strikes at it indirectly over a much wider area.

The needs of the low-income rural areas are no less urgent than those of the industrial areas with surplus manpower. Available data indicate that some rural areas have not shared during recent decades in the growth of the country as a whole. In many rural counties in the United States, the average per capita in-

come is as little as one-fourth that of the average person in the United States.

Under the terms of Senate bill 722, the Administrator of the program could designate "rural redevelopment areas" from among those with the largest number of low-income farm families, taking into account also "the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, and the proportion of the population of the area which has been receiving public assistance."

Mr. President, as the senior Senator from West Virginia [Mr. RANDOLPH] has stated, the Department of Agriculture

has prepared lists of the 500 counties in the United States with 100 or more commercial farms which ranked, according to the 1954 Census of Agriculture, lowest in terms of level of living for farm-operated families. The Department has also prepared lists of the 500 counties with the highest proportion of the commercial farms having gross sales of farm products of less than \$2,500. A total of 336 counties appeared in both lists. These areas would probably provide the core of the low-income rural areas which would be eligible for assistance under Senate bill 722.

I ask unanimous consent to have printed at this point in the RECORD a table showing the incidence of such counties in the several States.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Counties with lowest farm income and levels of living, by State, 1954

State	500 counties with lowest level of income		500 counties with highest percentage of commercial farms having sales of less than \$2,500		336 counties appearing in both lists	
	Number	Percent of total	Number	Percent of total	Number	Percent of total
Total.....	500	100.0	500	100.0	336	100.0
Alabama.....	51	10.2	48	9.6	44	13.1
Arkansas.....	56	11.2	35	7.0	32	9.5
Florida.....	15	3.0	4	.8	4	1.2
Georgia.....	50	10.0	40	8.0	14	4.2
Illinois.....	2	.4	3	.6	2	.6
Kentucky.....	38	7.6	41	8.2	35	10.4
Louisiana.....	23	4.6	21	4.2	16	4.8
Michigan.....			5	1.0		
Minnesota.....			2	.4		
Mississippi.....	71	14.2	64	12.8	59	17.6
Missouri.....	15	3.0	15	3.0	11	3.3
New Mexico.....	4	.8	1	.2		
North Carolina.....	32	6.4	28	5.6	16	4.8
Oklahoma.....	16	3.2	15	3.0	11	3.3
South Carolina.....	20	4.0	28	5.6	11	3.3
Tennessee.....	43	8.6	66	13.2	39	11.6
Texas.....	28	5.6	20	4.0	12	3.6
Virginia.....	19	3.8	23	4.6	13	3.9
West Virginia.....	17	3.4	37	7.4	17	5.1

Source: Bureau of the Census. 1954 Census of Agriculture.

Mr. DOUGLAS. Mr. President, three revolving loan funds of \$100 million each would be created by Senate bill 722. These would be devoted to loans for first, industrial areas; second, rural areas; and third, public facilities in both industrial and rural areas where such facilities would encourage economic development.

In addition to the three revolving-loan funds, the bill provides authorization for \$75 million in grants for public facilities in areas which cannot repay loans.

Loans for private projects in industrial and rural areas could be used for the purchase or development of land and facilities, including machinery and equipment, for industrial purposes. Maximum Federal participation would be 65 percent of the total cost of such projects, although, of course, it is hoped that the Administrator will be able to get the new enterprises under way with less than a 65-percent loan. State or local participation must be at least 10 percent, and private participation at least 5 percent, of the total cost of the project.

Of course, I think it follows that the private groups would have to be prepared to furnish at least 25 percent of the entire amount, since the Federal Government would provide 65 percent, and the State and local governments would provide at least 10 percent. So the private groups must be ready to furnish at least 25 percent of the amounts needed for land and buildings and machinery and equipment; and of course they must, in addition, be prepared to provide all the working capital—namely, the amounts needed for the purchase of raw materials, and to finance the wage bill, and so forth.

The loans to private industry could be made for periods of up to 30 years, with possible extensions to 40 years in some cases. This period was scaled down from previous proposals in another effort to meet the criticisms of the administration. The interest rate chargeable would amount to about 4½ percent, which would be the current average yield on outstanding marketable obligations of the United States of comparable maturities, plus one-half of 1 percent. Half

of this added percentage would be allocated to a sinking fund to offset losses.

I may say that in the original bill we included a loading of only one-fourth of 1 percent. But in an effort to meet the administration more than halfway, we added another one-fourth of 1 percent as a sinking fund.

I also wish to remind the Senate that we have adopted the criteria the administration laid down, and we reduced from 40 years to 30 years the period for which the loans would normally be made. So we have leaned over backward in our efforts to meet the criticisms of the President.

Under the terms of Senate bill 722, applications for loans for private projects must normally be approved by an agency of the State, and the project must be consistent with an overall area development program approved by the Administrator.

The terms of the loans for public facilities would be similar to those applicable to private loans, except that the maximum period would be 40 years instead of 30 years. The interest rate would be the same as that for private loans, except that the added percentage would be one-fourth of 1 percent instead of one-half of 1 percent, taking as its base the average interest rate on Government loans for all comparable maturities; but the loading or added percentage would be one-quarter of 1 percent instead of the one-half of 1 percent as for the loans to new private enterprises.

Now I should like to say a word, if I may, about the purposes for which these loans for public facilities would probably be used. They would be used for facilities which would help a locality to attract and to hold industry. The two purposes which would be most common would be provision for industrial water, which is an absolute necessity to attract new industry today, and also provision for what are called industrial parks, whereby buildings are constructed which are capable of subdivision for use by a number of small concerns, and which have access roads, water, sewage, electric light, and telephone service connections, so that all a small business need do is move in. In certain other cases perhaps a water or sewage system might be eligible for such a loan, but, in the main, the emphasis would be on industrial facilities rather than community amenities.

In our report we point out that a depressed area may have many assets which can be used by industry, such as labor and water facilities, but it may lack one public facility by which all the others may be utilized; for example, adequate water supply for industrial use, adequate sewage facilities, or access to a navigable river or a railroad.

Let me touch, if I may, upon the subject of loans for rural development areas. The need for new industry in such areas is quite apparent, and is admitted by all students of the problem. There is a large supply of idle time in those localities—the idle time of farmers during off seasons and the idle time of members

of a farm family. In fact, the idle time of farm workers in areas of low-income probably constitutes the greatest unused resource such communities have, if that idle time could only be translated into productive effort much good would result.

It is hoped and believed that these loans will permit the establishment of small plants, many of them processing plants to handle local farm products, thereby enabling labor in those areas to be more fully employed, and hence increase off-the-farm income.

This has been a recommendation of all students of agriculture. The Department of Agriculture has set up what it calls its rural redevelopment program, but the Department has insisted that each locality must finance its own efforts and there is to be no aid from the Federal Government.

The rural redevelopment program in the South has just been surveyed by a very distinguished committee of the National Planning Association, and I should like to read what the agriculture committee of the association stated about the program of the Department of Agriculture so far as it relates to rural redevelopment:

The low-income rural problem is far too vast and deep seated to be solved by the rural development program as presently conceived. While the cautious grassroots approach of this program may have been largely justifiable up to date, it will have to become much more sharply focused, better integrated and coordinated, much bolder in its objectives, and far better financed if it is to make significant inroads in reducing the South's widespread rural poverty. Emphasis has been placed too exclusively on only one essential ingredient of progress—local initiative and enterprise. The other essential ingredient—outside financial and technical assistance, both public and private—has been too often ignored and neglected. Such a one-sided approach—

I take it they are referring to the program of the Department of Agriculture—

(a) seriously obscures the basic fact that, given their own very limited resources, low-income rural communities cannot solve their problems with the best of local leadership and cooperation; and (b) reinforces the unfortunate cultural heritage and narrow sociopolitical outlook of many State and local leaders, thereby tending to preserve rather than to change the status quo in low-income rural areas. Particularly needed are large increases in Federal appropriations and grants-in-aid for improved general and vocational education, for a much greater amount of supervised farm credit, for more special agricultural research and extension services, for more adequate labor market information and employment services, and for better health facilities, in rural areas. Costly though such programs would be, they could be easily financed by diversion to this purpose of a relatively small part of the amounts now expended on farm price-support programs. In view of the present stupendous waste of human resources in our low-income rural areas, can we afford to do any less?

Mr. President, who do you suppose were the members who issued that report? Were they extreme radicals or left-wingers? Not at all. The chairman of the committee was Mr. Lauren K. Soth, editor of the editorial pages

of the Des Moines Register and Tribune, the central newspaper of the great Cowles chain, which publishes a newspaper in Minneapolis, and has given to the world Look magazine.

Vice chairman of the committee was Donald R. Murphy, director of Editorial Research, Wallaces' Farmer and Iowa Homestead.

Another vice chairman of the committee was A. C. Hoffman, vice president of Kraft Foods Co.—a large food processor.

Other members of the committee were: John App, of the Seabrook Farming Corp.; John A. Baker, director, legislative services, National Farmers Union; Murray R. Benedict, professor of agricultural economics, University of California—an extremely conservative agricultural economist; John D. Black, professor of agricultural economics, Harvard University; Robert K. Buck, Wauke, Iowa; Harry W. Culbreth, vice president, Nationwide Insurance; John H. Davis, director, program in agriculture and business, Harvard University; Arval L. Erikson, economic adviser, Oscar Mayer & Co.—a distinguished packing firm in my own city of Chicago; Oscar Heline, Marcus, Iowa; Frank W. Hussey, vice president, Maine Potato Council—his name ought to strike a soft spot in the hearts of the representatives from Maine; E. W. Kieckhefer, farm editor, the Courier-Journal; Herschel D. Newsum, master, National Grange; R. J. Odgaard, of the O. J. Odgaard Potato Co.; William H. Nicholls, chairman, department of economics and business administration, Vanderbilt University; James G. Patton, president, National Farmers Union; and Theodore W. Schultz, chairman, department of economics, University of Chicago.

This is a group of trained men who are saying that the program of the Department of Agriculture is vitally defective in that it does not provide for outside national aid and financing to help improve the condition of the low-income farms and counties of the United States.

The depressed Indian reservations and communities would also be eligible for such redevelopment loans. This would help many additional groups in numerous other States.

In addition to the three revolving loan funds other services are provided by the bill. There is an outright one-shot grant of \$75 million to be parceled out to communities which cannot fully repay the loans which might be made to them. This amount would be supplementary to the loans for especially hard-pressed communities. In addition, information available to the Government would be supplied to the designated areas and to Government procurement divisions, and an authorization for appropriation of \$4,500,000 a year would permit the Administrator to make technical assistance grants to designated areas.

The Housing and Home Finance Agency would be enabled to give additional financial assistance to municipalities in industrial redevelopment areas, and urban planning grants would be made available to designated areas having a population of 25,000 or more.

The bill would provide for Federal assistance for vocational training in designated areas, and as has been mentioned several times, a fund of \$10 million for the purpose of making subsistence payments to unemployed persons being retained and not entitled to unemployment compensation.

THE EUROPEAN EXPERIENCE

The enactment of S. 722 would not result in a radical new program which has never been tried. As a matter of fact, the countries of Western Europe have had similar programs in effect for some time, and part of the financing for such programs has undoubtedly been made possible by U.S. foreign aid dollars. Certainly, I would never question the wisdom of such aid. Marshall plan dollars have helped the nations of Western Europe to recover their economic potential and thus stave off the onslaught of communism. Nevertheless, we can hardly blame the unemployed worker and the hard-hit businessmen in our own depressed areas if they wonder why, if we help Europe do it, we cannot help our own people.

I have always defended the program of foreign aid. I have believed in it. I have supported it. I have voted for it.

In 1954 when I was a candidate for reelection I spoke on the floor of the Senate for the foreign aid program, and voted for it on every ye and nay vote, only to be immediately attacked by my Republican opponent, who denounced me for supporting the President's program. Then the President paid me the courtesy of making a special trip to the State of Illinois to plead for my defeat. Nevertheless, I was reelected by a majority of 241,000. This may indicate why some of us feel a little pained at the pleas of the administration that we should not cut a dollar from the foreign aid program. For, when a Democrat supports the administration to the hilt on this issue, he is immediately attacked by the followers of the administration, and the national administration indeed "eggs" its followers on to attack those who have supported it. This apparently is the administration's way of cooperating in the field of foreign policy.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. MANSFIELD. The administration not only asked for \$3.9 billion for foreign aid, but 2 days later, when the interim Draper committee report came in, an additional \$400 million was asked for.

Mr. DOUGLAS. I am struggling to control myself.

I think it is a monstrous thing for an administration which demands aid for people in other countries to refuse to provide proper aid for starving people in this country and to condemn as "wild spenders" those who would feed hungry Americans and provide work for the American unemployed.

I may end up by voting for foreign aid, and if I do, I suppose the administration and its followers will once again pay me the compliment of denouncing me with all the strength they have. If so, I will welcome the denunciation.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the Senator from Kentucky.

Mr. COOPER. The distinguished Senator knows I am supporting him fully with respect to the bill now under consideration.

Mr. DOUGLAS. I am well aware of that.

Mr. COOPER. I agree with every argument the Senator has made in support of the bill. Would not the distinguished Senator agree, however, that the two measures about which he has been talking are separate? One deals with support and aid for our own people, and that is closer to my own heart than aid and support for any other people. The other measure deals with our foreign policy and with the defense of this country. Those ought to be separate problems.

Would the distinguished Senator not agree that we should make our fight for this measure, which the Senator has introduced and which I have supported, and for all the measures to help our own people, because helping our people is our first concern, but that we should consider aid to other countries upon the merits of that issue?

Mr. DOUGLAS. I agree with my friend.

Mr. COOPER. Yes.

Mr. DOUGLAS. But I find it hard to understand the President of the United States, who, on the one hand, says, "You cannot give aid to the people at home," and, on the other hand, says, "You must lavish assistance on people abroad." I cannot understand an administration which puts the needs of people abroad far above the needs of people at home, and condemns equally those who try to relieve the need at home and those who think some economies could be made in expenditures abroad. I cannot understand that psychology. I cannot understand the reasoning behind it.

Mr. COOPER. I do not wish to minimize the importance of the bill we are considering today. I am in favor of it with all my heart.

Mr. DOUGLAS. I know that.

Mr. COOPER. Without question, when it comes to the point of considering whether we should take care of our own people or of the people in another country, the people of our own country come first. There can be no question about that.

I agree also with the Senator that it would be much easier, for all of us who have supported foreign aid because we believe it has a connection with the defense of our country and its security, if the administration showed more interest in the welfare of the people of our country. I must make that statement, although I am a Republican and a member of the minority party. That would make it much easier for us. For myself, though, I approach each one of these proposals upon the merits of the case for each of these great programs.

Mr. DOUGLAS. I appreciate the position of the Senator from Kentucky, which is characteristically high-minded. I do not think the Senator suffers quite

as much, however, as those of us on this side of the aisle, who, when we support the administration on proposed foreign aid legislation, are immediately denounced by the followers of the administration, and who then find the administration also coming forward to attack us. For instance, I voted in favor of every foreign aid proposal in the last session. I then went back to my State of Illinois, and I found that the Republican State Committee had primed people to get up and say, "On so many rollcalls you voted against economy." I found that the rollcalls they were citing were the foreign aid rollcalls, in connection with which I had supported the administration.

In other words, the administration condemns us in Washington if we do not support it, and the Republicans condemn us at home if we do support it. I object to this schizophrenia—not on the part of the Senator from Kentucky, because he is a well-integrated, noble man—but on the part of the Republican Party, at least in the Middle West. Some of us with the best will in the world are becoming sick and tired of these tactics. Some day the cheek will turn. We cannot be expected to be Christians all the time, while the other group holds us around the neck and pummels the life out of us.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. COOPER. I cannot, of course, pretend to suffer the same anguish as does the Senator from Illinois.

Mr. DOUGLAS. The toad underneath the harrow knows the sharpness of the blade, whereas the man who rides in the seat does not know quite what is happening.

Mr. COOPER. I think I have had some experience with the problem, because I am a Republican from a Democratic State.

Mr. DOUGLAS. I think the people of Kentucky recognize the qualities of my good friend. But I say that the administration shows both poor judgment and hardheartedness in opposing measures for the relief of Americans.

Mr. President, I had not intended to discuss this other subject, but my emotions are very deep.

Now, may I turn to this foreign experience.

GREAT BRITAIN

Great Britain has had the longest and most rounded experience with legislation to aid depressed areas. The U.S. Department of Labor study, "Experience With Development Areas in Great Britain," by Flexner and Ritter—Monthly Labor Review, May 1957—and the article by Prof. William H. Miernyk—Industrial and Labor Relations Review, October 1958—summarize the British legislation and experience from 1934 through 1956. Mr. Sar A. Levitan, of the Legislative Reference Service of the Library of Congress, has reviewed these and other studies for me, and I am grateful for his help.

In the black 1920's and 1930's, unemployment was concentrated in the depressed areas of coal, steel, and textiles

in South Wales and the industrial north. I was twice in England at that time and went through these areas. The people and the Government seemed at their wits end, not knowing what to do about the situation.

The first legislation was passed in 1934 to "facilitate the economic development and social improvement" of four areas suffering from unemployment, commissioners were empowered to make plans, to assist or start industrial projects in cooperation with local and national agencies and private groups, and to distribute grants for these purposes. Later, amendments strengthened these efforts. In 1945, the Distribution of Industry Act was adopted to apply to four large areas or, more accurately, regions.

In July 1958, following the rise of unemployment in England, the British Parliament—again under Tory control—amended the Distribution of Industry Act which has been summarized in the two articles previously referred to. Instead of designating special regions as eligible for aid, the new act qualified for preferential treatment any community having a high rate of unemployment which was likely to persist.

The amendment also widened the scope of the act by extending aid to trade establishments as well as industrial undertakings locating in the depressed localities.

In defending the amendment and the vigorous application of the distribution of industry—industrial finance—bill before the House of Commons, the spokesman for the Government asserted that the most effective means to combat unemployment is to concentrate allocation of economic resources in areas where chronic unemployment prevails, and pledged that the fight to reduce unemployment in these areas would not be frustrated for want of capital. He also pleaded for the enactment of a flexible program, which would permit the Government to "act swiftly in any locality where serious unemployment had arisen and was likely to persist"—London Times, May 1, 1958.

The amended act brings the British approach closer to the legislation proposed in S. 722. The original act specified eight regions which were qualified for assistance, while the present legislation makes assistance available on a labor-market basis, the same as S. 722. It should, however, be noted that under S. 722 only areas having an unemployment rate of over 6 percent are eligible for assistance, which is 50 percent greater than the British requirement of a 4-percent rate of unemployment, which qualifies communities for assistance.

The Labor Department study does not attempt to evaluate the effectiveness of the British Distribution of Industry Act, but Prof. Ben W. Lewis, in a study for the Twentieth Century Fund, concluded in 1952 that the British measures to aid depressed areas broadened the economic base of these areas:

Many new industries have started in the [depressed] areas bringing a diversification which should protect them in the future from concentrated employment. This is particularly true because many of these industries are of a new lighter type for which

the prospects of expansion are great. ("British Planning and Nationalization," pp. 182-3.)

Prof. William H. Miernyk in his article, "British and American Approaches to Structural Unemployment," concludes that the British experience to reduce unemployment in depressed areas has been "impressive." He argues for the adaptation of similar policies in the United States.

Finally, an excerpt from the International Labor Review briefly summarizes existing provisions to combat chronic unemployment in several European countries and in the United States.

Mr. President, I ask unanimous consent to insert these articles in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, the articles may be printed as requested.

(See exhibit 1.)

SPECIFIC BRITISH PROGRAMS

Mr. DOUGLAS. In the listd areas, the Distribution of Industry Act empowered the Board of Trade to improve sites and to build factories; to acquire land, if necessary by compulsory purchase, for industrial sites or for access thereto; to acquire and improve derelict land either for industrial sites or for community facilities; to give financial assistance to local authorities or nonprofit agencies for such work. Government grants or loans were made available for basic services and facilities, for example, transportation, power, lighting, sanitation, and housing, necessary for industrial development.

With the consent of the Treasury, the Board could also make loans to nonprofit industrial or trading estate companies to provide industrial premises. In addition, the Treasury was empowered to give annual grants or loans to enable industrial undertakings, either already established or proposed, to pay interest on borrowed capital.

The Distribution of Industry Act also vested in the Board of Trade responsibility for securing the proper distribution of new industrial development throughout the country. All persons were required to notify the Board of Trade if they intended to erect an industrial building of more than 5,000 square feet and to furnish particulars of the type of production, floor space, and the number of workers to be employed. The Board of Trade then discussed with the industrialists where it would be to their interest, as well as to the advantage of the country, to locate the proposed building. Information concerning the economic structure of a large number of districts containing possible sites, and the availability of labor, power, transportation, housing, and other relevant matters was assembled by the Location Office of the Board of Trade to facilitate planning concerning industrial sites, both with the Government agencies concerned with planning and with the industrialists.

In 1948, the triennial review required under the Distribution of Industry Act was presented to Parliament by the Board of Trade. The Board estimated

that between 1939 and 1948 there had been a net increase of 250,000 jobs in the 6 areas then scheduled, of which more than 104,550 were manufacturing jobs accounted for by firms moving into or expanding in the areas, as follows: 56,600 employed by 271 firms in Government munitions factories converted to peacetime uses; 17,750 in 210 new projects—factories or extensions—financed by Government; 14,100 in 233 new projects—factories or extensions—privately financed; and 16,100 in existing premises.

At the beginning of 1955, one and a half years before the Government's assistance to factory building in these areas was discontinued, employment in the assisted factories had reached 185,900, which was one-third higher than the employment anticipated by the Board in 1948, on the basis of plans then made.

I ask unanimous consent to have printed in the RECORD at this point a table showing the progress of unemployment declines in the affected areas.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Percent of insured employees registered as unemployed in Great Britain and 8 development areas, by sex, 1937, 1948, and 1955¹

Areas	Male			Female		
	1937	1948	1955	1937	1948	1955
Great Britain.....	11.0	1.6	0.9	7.0	1.0	1.1
Northeastern.....	16.0	2.9	1.5	8.0	2.3	2.3
South Wales and Monmouthshire.....	22.0	4.6	1.2	12.0	6.3	2.3
Scottish.....	19.0	3.8	2.5	14.0	2.8	2.7
West Cumberland.....	28.0	3.1	2.1	10.0	2.1	1.9
Wrexham.....	19.0	3.3	1.1	10.0	8.6	2.3
South Lancashire.....	21.0	2.8	1.1	12.0	2.4	3.1
6 areas combined.....	19.0	3.6	1.8	12.0	3.3	2.5
Merseyside.....	(2)	5.3	2.5	(2)	2.0	2.0
Northeast Lancashire.....	(2)	1.3	2.1	(2)	.3	4.5
8 areas combined.....	---	3.8	1.9	---	3.0	2.5

¹ Data for 1937 relate to July; for 1948 and 1955, to June.

² Areas not scheduled until after World War II; separate data not available for 1937.

Source: Data for 1937 derived from Board of Trade, Distribution of Industry, Cmd. 7540, London, H.M.S.O., October 1948 (app. 4). Figures for 1948 and 1955 computed from data supplied by Ministry of Labor and National Service, London.

Mr. DOUGLAS. The table shows the rate at which unemployment was decreased in the affected areas.

I remember being in Great Britain in the 1920's and 1930's when the British were going through an industrial depression which left large areas of the country in a depressed state, similar to that in our depressed areas of the present day. I remember going into the South Wales coal fields, and into the steel towns, and into the textile sections of Yorkshire and Lancashire, as well as into the coal, shipping, and steel sections of Northumberland. I found conditions there very similar to what they are now in this country. Yet they finally took constructive steps very similar to those which we are recommending for the United States.

ITALY

The experience of Italy in dealing with depressed conditions in the south-

ern part of that country have been reviewed for me by Vladimir N. Pregelj, also of the legislative reference service of the Library of Congress.

During the first few years following World War II, the Italian Government was primarily concerned with the reconstruction of the war-torn economy as a whole and did not take any steps designed specifically for the development of its depressed southern sector, although this sector had—in addition to its generally depressed condition—also suffered most by the ravages of war. The Government did, however, within the framework of its existing policies, create industrial credit sections at the Banks of Naples, Sicily, and Sardinia to act as the main financing agents for the revitalization of the economies of the southern mainland, Sicily and Sardinia, respectively.

The earliest Italian legislative measure on area development was a legislative decree in late 1947, which was designed to stimulate the growth of Italian industrial capacity in southern Italy by means of various fiscal incentives, transportation subsidies, and financing facilities granted for establishment of new industrial plants, and for reconstruction, reactivation or expansion of old ones. A few minor supplemental measures were enacted during the following few years.

By 1950, the measures put into effect by the legislation for the industrialization of the south were quite numerous. They comprised exemption from payment of customs duties and license fees on imports of construction materials, and of machinery and equipment required for construction and operation of industrial plants; 50 percent reduction of general sales tax on such materials and equipment; exemption from payment of income tax on earnings derived from new industrial investment; and reduction of fees for transfer and registration of title to real estate necessary for industrialization.

In 1950, first major advance was made in the active participation of the Government in the economic development of the Mezzogiorno—southern Italy. The Government created the fund for the south, a Government agency given the task of carrying out a large-scale plan of public works designed to create such environmental conditions as are indispensable for the formation and effective operation of new agricultural and industrial activities. This task has often been given the name of "pre-industrialization."

In 1957, the Government prepared a program of more extensive public industrialization measures designated as the provisions for the south. In addition to increasing the annual endowment payments, it authorizes a number of public grants, credits, and incentives of particular benefit to the industrial sector of the southern economy. It also extends the coverage of provisions contained in some earlier legislation, particularly to associations and consortia established for the preindustrialization and industrialization purposes, and contains provisions especially favoring development of small industry and handicrafts.

Thus has Italy gained experience with area redevelopment programs.

Mr. President, I ask unanimous consent that Mr. Pregelj's study be inserted in full at the close of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. DOUGLAS. I also ask unanimous consent to have printed in the RECORD at this point a statement outlining specific operations of the Italian program.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SPECIFIC OPERATIONS OF ITALIAN PROGRAM

The 1957 Italian law creating the "Provisions for the South" contains a large number of provisions facilitating the financing of preindustrialization and mostly industrialization projects. Thus, up to 40 percent of expenditures for the purchase and improvement of boats and fishing gear, for the establishment of oyster and mussel beds, and for the processing, refrigeration and transportation of fish and fish products, may be covered by the Fund. The Fund is authorized to pay in full for the construction of water and sewerage systems in small communes of under 10,000 population, or to assume part of such costs for larger communes. In addition, postal savings system grants credits necessary for the financing of these public works projects whenever they are carried out by the Fund. The Fund is further authorized to make grants for the construction of electric powerplants and distribution systems in land improvement areas, and may also undertake the restoration of tourist sites of particular historic, artistic, or archaeological interest.

In small communes of under 75,000 population, lacking industrial facilities, the fund for the South is authorized to make direct grants covering up to 20 percent of cost of establishment of small and medium industry, including construction of buildings, installation of machinery, and connections to existing roads, railroads, ad water and power systems. Furthermore, up to 30 percent of expenditures for transformation, modernization, and mechanization of small industries may be covered by contributions granted by the Fund.

The law also provides for the covering by grants of up to one-half of expenditures incurred by local consortia, the organization of which for the purpose of creating industrial zones is also authorized by the new fund law, in carrying out their pre-industrialization and industrialization projects. Such consortia are also given access to credits granted by the various semipublic insurance and credit institutions. In addition, the Cassa di Risparmio di Napoli is authorized to grant to southern communes loans for the purchase of real estate for purposes of industrialization or employment increase.

In order to make it possible for the southern regional medium-term credit institutions, created by an earlier law, to expand their operations, the new fund law authorizes the Fund to grant to these institutions subsidies to alleviate the cost of their bond issues which exceeds the interest charges on their loans. The law also authorizes the industrial credit sections of the banks of Naples and Sicily to utilize the repayments on their earlier loans for granting certain additional credits. Such credits may be used to supplement loans granted earlier by these sections, as medium-term developmental financing, not to exceed 50 million lire, of small and medium industries, and to enable medium and small industries to acquire stocks of raw materials and finished products.

Besides direct grants, expanding the avail-

ability of industrial credit, and extending fiscal exemptions, the new fund law provides for direct public investment for public works.

ATTEMPTS TO ESTABLISH AN AREA REDEVELOPMENT PROGRAM IN THE UNITED STATES

Mr. DOUGLAS. The problems which S. 722 is designed to meet have been recognized for several years. The Joint Economic Committee in the 84th Congress called for Federal action to help chronically distressed communities. Later, in its 1955 report, that committee urged that the public works program be speeded up, and that loans and technical assistance be extended to help these distressed communities to improve their economic conditions.

Also in 1955 the Joint Economic Committee made a careful study of low-income families in the United States under the direction of Senator SPARKMAN and called attention to the persistence of low income in various rural areas in the country, as well as the problems of depressed industrial areas. The committee urged a Federal program to combat the basic causes of economic distress both in depressed industrial areas and in low-income regions.

In 1956 the committee reiterated its conclusion that a Federal depressed areas program was needed, and the majority of the committee endorsed a comprehensive program which was embodied in a bill which I introduced, S. 2663, 84th Congress. That bill was the subject of long hearings by the Committee on Labor and Public Welfare. It was passed by the Senate during the last days of the session, but the House did not have time to act upon it before the 84th Congress adjourned.

I hold the hearings on this bill in my hand. We took testimony which covered nearly 1,200 pages. The bill was passed by the Senate during the last days of the session, but the House did not have time to act upon it before the 84th Congress had adjourned.

Both major parties called for Federal legislation to aid economically depressed areas in their respective 1956 platforms.

The Democratic Party platform stated:

We pledge our party to support legislation providing for an effective program to promote industry and create jobs in depressed industrial and rural areas so that such areas might be restored to economic stability.

The Republican Party pledged to—

Provide assistance to improve the economic conditions of areas faced with persistent and substantial unemployment.

In the 85th Congress, along with 39 cosponsors, I introduced S. 3683, which was referred to the Senate Banking Committee. This bill, with modifications, was passed by both Houses of Congress last year, but did not become law because of a Presidential pocket veto.

I charge the President and his advisers with responsibility for preventing this measure from going into effect. The record shows that is just what they have done.

Again in the 86th Congress, I introduced, with 38 cosponsors, similar legislation in the bill S. 722. This bill was

the subject of committee hearings not only in Washington but also in Detroit, Mich., and in Charleston, Beckley, and Morgantown, W. Va. The committee has now reported S. 722 with amendments.

We have now taken over 5 years a total of 3,500 pages of testimony, in the Senate committees alone. I have been somewhat disappointed, except for an interjection by the distinguished junior Senator from New York [Mr. KEATING], that the opposition has not shown its hand. It has remained silent. With the exception of one or two Senators, they have stayed off the floor. We do not quite know, aside from the minority views, what their objections are going to be. I have studied the objections which they have made in their minority views, indeed, I have studied them very thoroughly. I have studied the objections which have been advanced informally, and the objections which have been advanced by various financial journals. I should like to deal with some of them, before they are sprung on us on the floor on Monday.

One objection is that we are setting up a separate administration to deal with this subject. It is alleged that what we should do instead is to place it under the jurisdiction of the Department of Commerce.

Let me say that the Department of Commerce has been the determined and indeed the irreconcilable opponent of all programs for community development and adequate care for the depressed areas of the Nation. We do not confide a child to the tender care of a nurse who dislikes children. We do not use wolves to take care of sheep.

If we place the bill under the jurisdiction of the Department of Commerce, we can be certain that they will anaesthetize it, that they will refuse to administer it, that they will administer the program in the same way in which Ezra Taft Benson administers the farm program, namely, to besmirch it and to weaken it. These are harsh words, Mr. President, but I think they are truthful words. I regret to have to say them, but candor compels me to do so.

Another objection is that the criteria which we have laid down for the testing of the areas which are to be eligible are inadequate.

Mr. President, these criteria are the criteria advanced by the administration itself. Instead of taking absolute figures of unemployment, they wanted to use an absolute minimum but then to relate the unemployment in a given locality to the average for the country as a whole. That is the test which we have adopted. I am frank to say that this is a better test than the one which we originally provided. We are willing to learn from the administration when it presents something that is worthwhile. It seldom does, but when it does, we are willing to learn. Now that we have adopted their criteria, the opponents of the bill come forth and say, "Oh, those are not proper criteria."

In colloquy with the junior Senator from New York and in later discussion

I believe we have made it clear that this bill is not intended to deal with all types of unemployment. We cannot deal by it with cyclical unemployment, when there is a scarcity of effective demand. It is not intended to deal with seasonal employment. It is intended, however, to deal with structural unemployment and to provide capital to start new industries in areas of substantial labor surpluses, provided the localities themselves also contribute, and provided private capital also comes forward and provides a large share of the fixed capital and all of the working capital.

I suppose that objectors will say: "Let private enterprise do it. Let the Government keep its hands off." In fact, this is about what is said in the minority views, at page 43, where it is stated:

The basic defect of the approach of this bill is this: It runs counter to the precepts of what is still essentially a private market mechanism operating within a dynamic and growing economy.

This is the kind of talk we heard on the floor of the Senate in 1930, 1931, and 1932, and which had its repudiation by the people in 1932, 1934, and 1936.

It was said of the Bourbons that they learned nothing and forgot nothing. I would say that the industrial and economic Bourbons of this country do not seem to learn anything, but they seem to forget a great deal.

The purpose of S. 722 is to help to some extent, at least, to channel some of our growth of industrial capital into areas of substantial labor surplus. This is far better than to subsidize airlines, railways, the oil industry, ship builders, and other groups, who enjoy Government largess. It is far better than a protective tariff, which is advocated by many of those who are opposing the bill.

The idea that government must be essentially sterile and negative is a very limited idea. It sometimes is sterile, but it need not be.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. COOPER. I have read the minority views, and I too have been struck by the fact that only objections were made to the bill and that I could find no alternative affirmative suggestions toward meeting the problems which the bill seeks to meet. Did the minority suggest any remedies for the problems the Senator has been discussing?

Mr. DOUGLAS. I wish to be charitable in what I say. I did not find any constructive suggestions. All I found was negative criticism. Undoubtedly an amendment will be proposed by the able senior Senator from Connecticut [Mr. BUSH], which will be presented under the guise of preventing a transfer of a plant from one locality to another. Let me say that we have guarded adequately against that in the text of the bill, which the Senator from West Virginia has read. I shall read it again. It is contained in section 6(a) on page 9 of the bill:

Such financial assistance shall not be extended for working capital, or to assist estab-

lishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

We may quarrel about whether the language is tight enough. Certainly it is our intent to have it tight. It is spelled out on page 22 of the committee report, and I should like to read that part of the report. This report will have a persuasive influence upon the administrator. Let me read the section of the report dealing with this subject:

If the proposed transfer of a plant from one area to another will create as much unemployment in the area it leaves as it absorbs in the area it moves to, nothing has been gained from the point of view of the overall economy of the United States. The use of Federal funds for a transfer of this sort would not be justified. Expansion of existing firms and the creation and development of new business or new branches of firms in business elsewhere, without at the same time substantially reducing existing employment opportunities, is the aim of this Federal assistance. In an expanding economy ample opportunities can be found to develop the depressed areas without injury to other areas of the country.

The purpose of the bill is to channel economic growth, or to help channel a portion of that growth, into areas which otherwise would be neglected, not to transfer plants from one locality to another. That is the clear purpose of the present text of the bill. It is further reinforced by the report, and attempts to change the wording still further will simply be attempts to divide the forces which may be supporting the bill by conjuring up nonexistent dangers.

I understand an amendment will be offered by the very able senior Senator from New York [Mr. JAVITS], who is one of the finest Members of this body, to limit the loans which can be made to land and buildings, but to exclude machinery and equipment as bases of loans. I think I should make a statement on this point, so that it may appear in the RECORD, and so that Senators and the press may study it over the weekend and make up their minds about it.

The cost of land is relatively small in depressed areas because the area is depressed. The cost of the buildings will not be much either, because it is to be hoped that an existing old building will be taken over and rehabilitated with a relatively small amount of capital.

I think I can say, in this connection however that three- and four-story plant buildings are not very effective in modern industry, which increasingly moves into one-story buildings. But the consideration which really will make or break the deal is whether the new industry can finance the equipment and machinery which is the very heart of the whole enterprise.

It is unquestionably true that most machinery and equipment manufacturers are prepared to finance the sale of equipment on time loans with notes. But just as is the case when one buys an automobile on time over a 2-year or 3-year period through a finance company, so with the machinery and equipment: the interest rate which is charged

is so very high that in many instances it will break the deal entirely, first, because of the large amount of capital equipment which is required to start the industry; and, second, because of the time payments and the notes by which is financed carry too high a rate of interest.

As regards tying up money in specialized machines, I am certainly not an expert in the machine-tool business, but I had thought there were certain general-purpose machines, such as lathes and punch presses, and so on, which could be applied to a multitude of uses, and that, therefore, if a concern failed, such machines could be removed and either sold in the second-hand market or used by someone else.

I do not propose loans for highly specialized machines or for a steel mill requiring the investment of \$50 million, or for a powerplant; but in certain industries, in which the ratio of capital to labor is not too high, generalized machines could be installed on the basis of these loans. Then if payments were not made, the machines could be repossessed.

Ordinarily, when machinery and equipment are placed in a factory building, it is done subject to someone else's mortgage. That is one reason why the interest rate is so high. When we come to this kind of situation, where there is one first mortgage, and then a second mortgage which covers the whole plant, equipment, and machinery, naturally, the interest rate will be lower. If one intends to sell a machine tool in Connecticut or Pennsylvania, he will have to place the machine subject to someone else's mortgage.

How would the Administrator determine what are reasonable terms for loans from private finance companies which would have to be refused by the financial institutions before granting such a loan? It occurs to me that he would have to use a certain amount of judgment and discretion. If the interest rate were around 12, 13, or 15 percent, as it usually is for these things, he would decide that it was not reasonable under the circumstances.

I am perfectly willing to leave this matter to his discretion. I do not think industries should be made to pay an exorbitant rate of interest.

In my judgment, the amendment to be proposed by the Senator from New York, while offered with the best motives in the world, will if it is made effective virtually kill the program.

Mr. President, I am about ready to yield the floor, but I wish to refer to one or two other matters. It is reported that another amendment may be offered which would restrict the application of the bill to so-called one-industry towns. This would miss the basic purpose of the program. Senate bill 722 is designed to help areas of persistent and substantial unemployment or areas of low income and underemployment. Areas such as the Huntington-Ashland area of West Virginia and Kentucky can be depressed by lack of work in the coal industry,

although the area also has chemicals and steel. But it is still badly distressed and in need of help.

Moreover, a community could have two or more depressed industries, such as textiles, coal, and railroading. This, I think, is true of some Pennsylvania areas.

The Altoona area suffers for example not merely from a depression in the coal industry, but also from a depression in railroad repair work. The anthracite regions of Pennsylvania suffer not merely from a depression in the coal industry, but also from a depression in the textile industry.

Moreover, there are areas of general decline because of shifts of demand and shifts of plant locations. The one-industry concept would knock out these areas despite their genuine need.

In short, we aim to help distressed areas and low-income areas, not merely those with one industry, but those depressed from whatever causes. The one-industry concept would drastically restrict the program.

I have already dealt with the inflationary argument and have pointed out that it is a very superficial argument. I have said that the use of additional capital would put idle labor to work producing commodities which otherwise would not be produced; and that hence the physical production or the physical volume of production would be increasing at the same time that the volume of the circulating medium was increasing. I have pointed out this might compensate in whole, but certainly it would compensate in part, for the increase in the circulating medium, and therefore there need not be an increase in prices.

I hope that before the session is concluded today, the opponents of the measure will take the floor and state their objections to it. I submit that on the record S. 722 should be passed by an overwhelming vote.

EXHIBIT 1

[From Monthly Labor Review, May 1957, vol. 80]

EXPERIENCE WITH DEVELOPMENT AREAS IN GREAT BRITAIN

(By Jean A. Flexner and Ann S. Ritter¹)

Areas of labor surplus persisting in certain parts of the United States during periods of high general employment have given rise to various legislative proposals, and suggest the need for a review of British assistance to distressed areas.

The British experience covers a quarter of a century. The first legislation was passed

in 1934 to "facilitate the economic development and social improvement" of four areas which were suffering from exceptionally severe unemployment. Commissioners were empowered to make plans, to assist or start industrial projects in cooperation with local and national government agencies and private groups, and to distribute grants for these purposes. Later amendments provided special inducements which strengthened the commissioners' efforts to attract new industries into these areas.

After World War II, new legislation was passed incorporating much of the earlier acts. It was more comprehensive, giving the central Government a greater influence on the location of new industrial plants, in the interests of overall social, economic, and strategic planning. Government aid for these areas continued until June 1956, when, following a parliamentary inquiry, the Government announced that it would suspend grants for factory building in the development areas except in cases of special importance or emergency. The decision was protested by the Trades Union Congress, which feared that these areas had still not achieved balanced local economies although unemployment had reached a very low level.

The post-World War II period from 1945 to the present has been characterized in Great Britain by general shortages of labor, capital goods, buildings, and building materials. Industries which in the 1920's and 1930's seemed to have entered a permanent state of depression have been hard pressed to produce enough to satisfy the demands of the home and foreign markets. This transformation of the economy greatly complicates the task of evaluating effects of the Government's rehabilitation programs for the development areas.

It would be useful to know whether the plants which were steered into development areas by governmental policies have been able to operate without increasing their costs, for only if costs are truly competitive is there a likelihood of the industrial shift remaining permanent. Studies are being made by the National Institute of Economic and Social Research of Cambridge University on the economics of establishing branch factories, but those published thus far have not yielded definitive conclusions, partially because of the difficulty of making cost comparisons and partially because, during the entire postwar period, costs—both at branch plants and main works—were affected by shortages and bottlenecks of various kinds.²

Reviewing the period from 1934 to 1956, the British started with a limited program in respect to funds, assistance powers, and size of the areas. They ended with a much more sweeping program than was required to deal with the postwar state of unemployment. Meanwhile, the depression which had set the program in motion disappeared, even in the most depressed areas. However, dread of an

eventual return to lower levels of economic activity kept the program going, although the danger of inflation had supplanted the danger of depression.

ORIGINS OF THE PROBLEM

During the 1920's and 1930's, basic industries such as coal mining, shipbuilding, and iron and steel, which were highly dependent upon export markets, suffered severely from depression. Areas where these industries constituted the chief source of employment suffered from severe and prolonged unemployment. In northeast England, particularly Durham and parts of neighboring counties, in western Cumberland, in South Wales and Monmouthshire, and in western and central Scotland, coal mining, iron and steel, shipbuilding, and marine machinery employed about half of the total labor force in the interwar years. The plight of these four areas was worsened by a scarcity of jobs for women. Lack of other work opportunities for those discharged from the principal industries reduced workers' spending power and, in turn, led to layoffs in other employment, including the service industries. In July 1932, unemployment ranged from 35 to 46 percent in the 4 areas, compared with 22.5 percent for all of Great Britain. (See table 1.) The unemployment rate in these areas was about twice the national average during the entire period 1929-39. The plight of these areas led to special investigations by the government in early 1934, which resulted in legislation.

Meanwhile, industries were expanding and new industries were starting in other parts of the country. Between 1932 and 1938, only 235 new factories opened in the 4 special areas and these were balanced by the closing of others. In Greater London and in the Midlands, on the other hand, there was a net gain. The result was migration from the north and Wales to the Midlands and the south. Between 1921 and 1937, half a million people migrated to the London area alone, and 300,000 left Wales and the north-eastern counties, although the exodus was not sufficient to remove all the surplus workers.

PREWAR MEASURES

Under the 1934 act for development and improvement of the four depressed areas mentioned previously, Commissioners were appointed, one for Scotland and one for England and Wales, responsible to the Minister of Labor. Funds were placed at their disposal, and they were given a free hand in coordinated existing economic and social programs of national and local government and private agencies, or in initiating new ones. The Commissioner for England and Wales appointed District Commissioners for each of his three areas, consulted with local government bodies, and with national associations of employers. Several ministries lent him staff and gave assistance, in particular those dealing with labor, health, unemployment relief, and agriculture.

Among the numerous projects aided by the Commissioners were local public works for the long-range economic or social improvement of the areas and the settlement of unemployed persons on small farms or cooperative groups of farms. They also assisted in obtaining preference for the areas in the award of government contracts and, after 1936, of defense contracts, and in locating arsenals and munitions plants in the areas.

¹ Of the Bureau of Labor Statistics' Office of Labor Economics and Division of Foreign Labor Conditions, respectively. The authors wish to acknowledge the assistance of Mr. Joseph Godson, Labor Attaché, American Embassy, London, in securing unpublished data used in the article from the Ministry of Labor and National Service London.

² W. F. Luttrell, *The Cost of Industrial Movement*, Occasional Paper XIV, and D. C. Hague and P. K. Newman, *Costs in Alternative Locations: The Clothing Industry*, Occasional Paper XV, National Institute of Economic and Social Research, Cambridge University Press, 1952; D. C. Hague and J. H. Dunning, *Costs in Alternative Locations: The Radio Industry* (in *Review of Economic Studies*, 1954-55, vol. XXII (3), No. 59, Cambridge, England, pp. 203-213).

TABLE 1.—Geographic area and number of insured employees, 1955, and percentage of insured employees unemployed, 8 development areas, 1932, 1937, and 1955

Development area	Year designated	Size of area (square miles)	Estimated insured employees, ¹ 1955		Percent unemployed ²		
			Number	Percent of total for Great Britain	1932	1937	1955
Northeastern ³	1934	1,247	1,013,700	5	38	15	2
West Cumberland ³	1934	767	57,200	(4)	46	26	2
South Wales and Monmouthshire ³	1934	1,406	693,900	3	41	21	2
Scottish ³	1934	3,849	1,197,200	6	35	18	3
Wrexham	1946	79	35,500	(4)	36	18	1
South Lancashire	1946	108	148,600	1	32	10	2
6 areas combined		7,456	3,146,100	15	38	18	2
Merseyside	1949	113	613,100	3	(5)	(5)	2
Northeast Lancashire	1953	67	94,300	(4)	(5)	(5)	3
8 areas combined		7,636	3,853,500	18	(5)	(5)	2

¹ The national insurance system covers the whole working population, including all employees.
² Data for 1932 and 1937 relate to July; for 1955, to June.
³ Pre-World War II special areas which in 1945 were designated as development areas, with larger boundaries. The size in square miles is the 1945 area.
⁴ Less than 0.5 percent.
⁵ Not available.

Source: Data for 1932 and 1937 from Board of Trade, Distribution of Industry, Cmd. 7540, London, H. M. S. O., October 1948 (p. 41). Data for 1955 supplied by Ministry of Labor and National Service, London.

The commissioners wished to attract to these areas some of the expanding industries of the types that were developing in the Midlands and in the south of England, but they were handicapped by the lack of industrial premises in these regions and, in certain places, even by a lack of land suitable for building—e.g., in the narrow Welsh coal valleys where old underground workings had caused some of the land to cave in or to threaten to do so.

Outside the depressed areas, a type of industrial development called a "trading estate" had been set up with private funds. These estates bought land, erected or remodeled buildings, provided utilities, and rented premises to manufacturing firms. Thus, industrial enterprises were attracted to planned communities such as Weylyn Garden City (near London). Benefiting by the experience of the private companies, the commissioners, with Government funds, organized public nonprofit corporations to operate trading estates in the special areas.³ Several large tracts were purchased, railroad sidings and roads built, power lines installed, and buildings erected, each designed for lease to several light manufacturing industries. Later, single sites for individual factories were prepared at Government expense and leased by the trading estate companies.

The first efforts to persuade industries to locate in the special areas met with almost complete failure.⁴ In a period when raising industrial capital was not easy, banks and investors were particularly diffident about investing in the depressed areas. The need for more direct Government assistance was emphasized in the first three annual reports of the commissioner for England and Wales. In 1936 and 1937, Parliament passed a series of amending acts, and under one of these, the Special Areas Reconstruction Association was formed in 1936 to make loans, for a maximum of 5 years, of up to £10,000 each to firms which had reasonable prospects of succeeding; shares in the association were subscribed by investment trusts, insurance companies, industrial undertakings, and the banks, headed by the Bank of England. The British Treasury agreed to guarantee a fourth

and to reimburse it for administrative expenses. In 1936, also, the Nuffield Trust was established with private philanthropic funds to assist the development areas. The trustees decided to supplement the work of the association and the Treasury by subscribing to shares of capital stock in firms that intended to operate in these areas.

The Special Areas (Amendment) Act of 1937, enabled the Treasury to make direct loans to firms in the special areas, as well as in other areas of severe unemployment. In practice, the Nuffield Trust and the Treasury combined to assist large undertakings in the coal utilization and metalworking industries. The association assisted smaller firms.⁵ The Commissioners were further empowered by the 1937 act to contribute toward rent and rates, (local taxes) and to adjust income taxes of industrial undertakings for periods up to 5 years. The rent and rate contributions were varied in accordance with the needs of the area and the type of industry. The income tax provision was interpreted to exempt profits up to an average annual return of 4 percent on capital for a certain number of years. The Treasury, also, was authorized to exempt firms moving into the special areas from the special national tax on defense profits, in whole or in part.

The various sources described made the following expenditures for the establishment of new industry in the four development areas during the years 1934-40:

	Pounds	Dollars ¹
All sources	9,665,500	47,360,950
Government funds	6,715,500	32,905,950
Factory sites and buildings	5,500,000	26,950,000
Loans to manufacturing firms	1,160,500	5,686,450
Contributions to rent and rates	55,000	269,500
Private funds	2,950,000	14,455,000
Special Areas Reconstruction Association loans	750,000	3,675,000
Nuffield Trust, industrial capital	2,200,000	10,780,000

¹ Converted to dollars at exchange rate of £1=\$4.90.
Source: Board of Trade, Distribution of Industry, Cmd. 7540, London, H. M. S. O., October 1948 (pp. 8-9).

⁵ See R. O. Roberts, Special Financial Facilities for Industry in the Depressed Areas with particular reference to the Experience of South Wales. (In the Manchester School of Economic and Social Studies, Manchester, January 1953, vol XXI, No. 1, pp. 39-61.)

TABLE 2.—Percentage distribution of estimated number of insured employees in six development areas, by industry,¹ 1939 and 1955

Industry	[Percent]			
	1939		1955	
	Male	Female	Male	Female
Total	100.0	100.0	100.0	100.0
Agriculture, forestry, and fishing	2.2	1.0	1.6	0.6
Mining and quarrying	24.9	1.6	16.0	.8
Manufacturing industries	28.8	36.2	43.0	40.2
Chemical and allied trades	2.3	1.2	3.6	2.1
Primary metal manufacture	7.3	.9	7.6	1.4
Shipbuilding, machinery, and electrical goods	8.6	2.7	14.4	6.7
Vehicles	1.3	.4	4.3	1.3
Fabricated metal products	1.4	1.3	1.8	1.8
Textiles	1.7	12.0	2.0	7.1
Clothing	.6	6.1	.6	7.0
Food, drink, and tobacco	2.2	6.6	2.7	6.2
Other manufacturing industries	3.4	5.0	6.1	6.6
Building and contracting	11.1	.6	9.0	.7
Transport, public utilities, and communications	10.9	2.2	12.5	4.8
Distributive trades	10.0	27.3	6.1	18.0
Professional and Government services	8.5	14.0	8.7	19.7
Miscellaneous services, including finance and banking	3.6	17.1	3.0	15.2

¹ Excluding Merseyside and Northeast Lancashire.

Source: Data for 1939 for men and women estimated from Employment for Women in the Development Areas, 1939-51, by J. H. Dunning (in the Manchester School of Economic and Social Studies, Manchester, September 1953, vol. XXI, No. 3, table III, p. 274). Data for 1955 provided by Ministry of Labor and National Service, London.

Beginning in 1936-37, Government expenditures for munitions factories in those areas greatly exceeded the subsidies for civilian factory sites and buildings.

Ministry of Labor manpower transference schemes helped young men and women to train for and to find jobs in other parts of the country. Between January 1936 and July 1939, 124,337 trainees and others were assisted in transferring from the special areas. The Government also paid for moving dependents of transferees and their household goods in 25,538 cases.

The Commissioners' report for 1938 noted as a new development that the Ministry of Labor had started training schemes to meet local needs as a result of progress in providing new employment opportunities. However, the Ministry's powers in respect to education were limited to courses for unemployed persons aged 18 or over. The Commissioners pointed out that training for 16- and 17-year-olds was needed and that it would be reasonable to require recipients of unemployment assistance (not insurance) to attend the Ministry's instructional centers or physical fitness classes.

At the outbreak of World War II, the special areas were more prosperous than at any time during the previous decade; however, their unemployment rate was still 13 percent—almost twice the national average. At that time, only 12,000 workers were employed in civilian factories built and leased by the Commissioners. The construction of many factories was still in progress. The improvement in the employment situation in these areas can be ascribed chiefly to the placement of Government contracts and the location of munitions plants and to the revival in basic industries caused by rearmament.

During the war, further employment opportunities were provided as additional war plants began operating in these areas; shipyards, coal mines, and agriculture were also straining to produce the maximum possible output. Moreover, industries were dispersed to these areas from more congested or more vulnerable regions. Employment

³ Trading estate companies were formed in the northeast and South Wales in 1936, in Cumberland in 1937, and in Scotland in 1937 and 1938. The 1934 act permitted Government assistance only on a nonprofit basis.

⁴ Report of the Commissioner for Special Areas for 1937, Cmd. 5595, London, H.M.S.O., 1937 (pars. 58 and 231).
of any losses the association might suffer

rose to a peak in 1943, when it was about 200,000 above the 1939 level. A large part of the male population was in the Armed Forces.

POSTWAR MEASURES

The prewar programs for the rehabilitation of the chronically depressed areas merged after World War II into a broader policy aimed at obtaining a more rational distribution of industry and population. The resolve to deal effectively with the unemployment problems which had eluded solution during the interwar period crystallized during World War II and was implemented in a series of acts passed by the Labor Government in 1945 and subsequent years.

Planning for the location of industry and for a redistribution of population on a national scale, for economic, social, and strategic reasons, had been recommended by the Royal Commission on Distribution of the Industrial Population appointed in 1937. Its 1940 report stressed the disadvantages of "allowing the heavy influx of new industry into London and the Midlands to continue at the expense of the rest of the country."⁶ In 1944, the wartime coalition Government announced its proposals for maintaining a future high and stable level of employment in the economy as a whole, and its intention to take special measures for the diversification of areas that had been too dependent on certain industries and were, therefore, particularly vulnerable to unemployment.⁷ It promised (1) to steer new industries into these areas; (2) to remove obstacles to the transfer of workers from one area, or one occupation, to another; and (3) to provide facilities to train workers employed in declining industries for work in expanding industries.

The Distribution of Industry Act (1945) embodied recommendations from both reports and some features of the earlier legislation on special areas. However, the special-areas commissioners were dropped and the board of trade became the administrator. The term "development area" was substituted for "special area." The act applied to the four prewar special areas and redefined them to include districts large enough for economic and social development; it could also be applied, subject to the approval of both Houses of Parliament, to any area in which the board of trade found, after consultation with the local authorities, there "is likely to be a special danger of unemployment." The board of trade was directed to reconsider the list of areas within 3 years.

In the listed areas, the Distribution of Industry Act empowered the Board of Trade to improve sites and to build factories; to acquire land, if necessary by compulsory purchase, for industrial sites or for access thereto; to acquire and improve derelict land either for industrial sites or for community facilities; to give financial assistance to local authorities or nonprofit agencies for such work. Government grants or loans were made available for basic services and facilities, e.g., transportation, power, lighting, sanitation, and housing, necessary for industrial development.

With the consent of the Treasury, the Board could also make loans to nonprofit industrial or trading estate companies to provide industrial premises. In addition, the Treasury was empowered to give annual grants or loans to enable industrial undertakings, either already established or proposed, to pay interest on borrowed capital. The provision of the Special Areas (Amend-

ment) Act of 1937 for subsidies on account of rent, income taxes, and local taxes was omitted. An amendment in 1950 enabled the Board of Trade to contribute to removal costs of firms going to development areas.

The Distribution of Industry Act also vested in the Board of Trade responsibility for securing the proper distribution of new industrial development throughout the country. All persons were required to notify the Board of Trade if they intended to erect an industrial building of more than 5,000 square feet⁸ and to furnish particulars of the type of production, floor space, and the number of workers to be employed. The Board of Trade then discussed with the industrialists where it would be to their interest, as well as to the advantage of the country, to locate the proposed building. Information concerning the economic structure of a large number of districts containing possible sites, and the availability of labor, power, transportation, housing, and other relevant matters were assembled by the Location Office of the Board of Trade to facilitate planning concerning industrial sites, both with the Government agencies concerned with planning and with the industrialists.

The Town and Country Planning Act (1947) provided for coordination of the industrial planning activities of the Board of Trade with the control functions vested in local planning authorities, which were under the direction of the Ministry of Town and Country Planning. Regulations made under the Town and Country Planning Act (1947) required that, with minor exceptions all applications for licenses to erect or extend industrial buildings be supported by certificates from the Board of Trade stating that the development could be carried out consistently with the proper distribution of industry. Once a certificate was issued, a building license for developing a particular site was issued by a local government authority provided the project was in accordance with plans for the locality. (These locality plans were similar to zoning regulations in United States cities except that they could be reviewed by the Minister of Town and Country Planning, at his discretion.)

Operation of the postwar program: In 1946, two areas were added to the original four—both dependent on coal mining and on wartime munitions plants which had closed down: Wrexham in Wales, and the Wigan-St. Helens area in South Lancashire. In 1949, the Scottish Highlands (dependent on small farms and cottage industries) were added to the Scottish development area, and Merseyside, a port and shipbuilding district around Liverpool, was scheduled. In 1953, a small area was added; it consisted of several northeast Lancashire towns specializing in cotton weaving, where older mills had closed.

In 1948, the triennial review required under the Distribution of Industry Act was presented to Parliament by the Board of Trade.⁹ The Board estimated that between 1939 and 1948 there had been a net increase of 250,000 jobs in the 6 areas then scheduled, of which 104,550 were manufacturing jobs accounted for by firms moving into or expanding in the areas, as follows: 56,600 employed by 271 firms in Government munitions factories converted to peacetime uses; 17,750 in 210 new projects (factories or extensions) financed by Government; 14,100 in 223 new projects (factories or extensions) privately financed; 16,100 in existing premises.

⁸ Changed from 10,000 to 5,000 square feet by the Town and Country Planning Act (1947).

⁹ Board of Trade, Distribution of Industry, Cmd. 7540, London, H.M.S.O., 1948 (p. 19).

During 1948, many factories were still under construction or in the blueprint stage, and those completed were not yet fully staffed.

The other 150,000 jobs which had been added between 1939 and 1948 resulted from construction activities, expansion in Government services, and from a rise in service trades brought about by the higher consumer spending and the general revival of industries.

Included among the factories built by the Government in South Wales were 10 standard factories of 25,000 square feet each, called Grenfell factories,¹⁰ which were rented to firms that agreed to employ a quota of men suffering from pneumoconiosis or other partial disability, equal to at least half of the total number of their employees. The firms received a rebate of half the normal rent. Sheltered workshops, called "reemploy" factories, were also operated by a Government corporation for men whose disability did not permit them to enter normal employment.

At the beginning of 1955 (1½ years before the Government's assistance to factory building in these areas was discontinued), employment in the assisted factories had reached 185,900, which was one-third higher than the employment anticipated by the Board in 1948, on the basis of plans then made. These were employed by 1,086 tenant firms, occupying 41.3 million square feet of factory space; 22.8 million square feet of space had been built since 1945; 13.3 million square feet was in converted munitions factories; and 5.2 million square feet represented war and prewar building by the trading estate companies.¹¹ A total of \$158 million (at the current rate of exchange) had been spent by the Government since 1945 on this space. Most of the factory space, tenants, and employees were in three of the older areas (Northeastern, South Wales, and Scottish). Employment in assisted factories, constituted about 16 percent of all manufacturing employment in 1955 in these three areas.

TABLE 3.—Percent of insured employees registered as unemployed in Great Britain and 8 development areas, by sex, 1937, 1948, and 1955¹

Areas	Male			Female		
	1937	1948	1955	1937	1948	1955
Great Britain.....	11.0	1.6	0.9	7.0	1.0	1.1
Northeastern.....	16.0	2.9	1.5	8.0	2.3	2.3
South Wales and Monmouthshire.....	22.0	4.6	1.2	12.0	6.3	2.3
Scottish.....	19.0	3.8	2.5	14.0	2.8	2.7
West Cumberland.....	28.0	3.1	2.1	10.0	2.1	1.9
Wrexham.....	19.0	3.3	1.1	10.0	8.6	2.3
South Lancashire.....	21.0	2.8	1.1	12.0	2.4	3.1
6 areas combined.....	19.0	3.6	1.8	12.0	3.3	2.5
Merseyside.....	(2)	5.3	2.5	(2)	2.0	2.0
Northeast Lancashire.....	(2)	1.3	2.1	(2)	.3	4.5
8 areas combined.....	---	3.8	1.9	---	3.0	2.5

¹ Data for 1937 relate to July; for 1948 and 1955, to June.
² Areas not scheduled until after World War II; separate data not available for 1937.

Source: Data for 1937 derived from Board of Trade, Distribution of Industry, Cmd. 7540, London, H.M.S.O., October 1948 (app. 4). Figures for 1948 and 1955 computed from data supplied by Ministry of Labor and National Service, London.

Discontinuance of the program: In mid-1956, the Government decided to discontinue aid to factories in the development areas ex-

¹⁰ Named for the chairman of the Working Party which made the recommendation, D. R. Grenfell, Member of Parliament.

¹¹ House of Commons Select Committee on Estimates 1955-56, Report on Development Areas, No. 139, session 1955-56 (p. 2). The conversion to dollars was made at the rate of £1=\$2.80.

⁶ Report of Royal Commission on Distribution of the Industrial Population (Barlow), Cmd. 6153, London, H.M.S.O., 1940.

⁷ Minister of Reconstruction, Employment Policy, Cmd. 6527, London, H.M.S.O., 1944.

cept in very special cases, on the grounds that restraints on investment were being imposed, that employment in the areas had reached satisfactory levels, and that private building, with a volume 3 times that of Government building since 1945, could be relied on to continue the rehabilitation program.

In criticizing the Government's decision, the British Trades Union Congress (TUC) noted that although unemployment ratios were low throughout Great Britain, in the development areas they still exceeded the national average. In addition, the TUC claimed that even though local industry in these areas is more diversified now than in the 1930's, they can still be considered particularly vulnerable to cyclical depression.

EMPLOYMENT AND UNEMPLOYMENT TRENDS

During the years 1934 to 1956, when Government programs for development areas were in operation, the employed labor force increased, the heavy dependence of these areas on certain basic industries lessened, employment opportunities both for men and women became more diversified, and the basic industries revived. Unemployment declined sharply in the development areas and throughout the country, but in 1955, almost 40 percent of all unemployed workers were in the 8 development areas.

In assessing the significance of the changes that occurred, the different industrial distributions of men and women must be taken into account.

EMPLOYMENT OPPORTUNITIES FOR MEN

The earliest year for which a comparable series of data on the insured population of six development areas has been estimated is 1939.¹² By that time, a considerable shift in male employment had already occurred. However, mining and quarrying (chiefly coal mining) still accounted for one-fourth of the insured male workers in six development areas;¹³ in 1955, the proportion employed in mining and quarrying in these areas had declined to 16.0 percent, representing undoubtedly the most significant change that occurred in the employment of men in these areas. (See table 2.) Outmigration from the coalfields accounted for a considerable portion of the drop. In other parts of Great Britain, the number of men engaged in coal mining also declined, but not so steeply as in the development areas. The chief factor in the general decline was the diversion of young men and boys to other industries, either in the same area or in other parts of the country. The development areas did

not succeed in attracting the type of industry which could offer many jobs to the older ex-miners.

Since the early years of World War II, efforts to rebuild the coal mine labor force have conflicted, to some extent, with development area policy. However, the Government was unwilling to sacrifice its industry diversification program. Instead of relying upon unemployment to recruit miners, it improved the miners' conditions of employment in order to attract recruits, and it planned to develop production in the better seams, which were mostly in other areas. Many of the poorer mines and exhausted seams were in the development areas.

TABLE 4.—Unemployment in Great Britain and 8 development areas combined, by duration, age, and sex, June 1955

Labor force status	Great Britain (number)	8 development areas combined	
		Number	Percent of total for Great Britain
MEN			
Insured employees.....	13,960,000	2,610,600	19
Unemployed, total.....	130,334	49,378	38
26 weeks or more, all ages.....	32,319	15,188	47
26 weeks or more, age 40 and over.....	26,888	12,076	45
WOMEN			
Insured employees.....	7,500,000	1,242,800	17
Unemployed, total.....	80,209	31,015	39
26 weeks or more, all ages.....	10,518	5,736	54
26 weeks or more, age 40 and over.....	5,834	2,871	49

Source: Ministry of Labor and National Service, London.

Manufacturing industries employed 28.8 percent of the insured male workers in 1939, and 43.0 percent in 1955. Shipbuilding, machinery, and electrical manufacturing constituted an important area of growth, with 8.6 percent of the insured male workers in 1939 and 14.4 percent in 1955. It would be revealing if the total for this group could be broken down; the increase for the whole group certainly meant an influx of new plants and considerable diversification of product. However, major credit for increased employment must go to the revival in shipbuilding. And for this, the world economic situation, and not the development area program was responsible.

Other industry groups in which employment of insured men increased over the entire period were: Primary metal manufacture; vehicles; miscellaneous metal fabricated products; food, drink, and tobacco; and textiles. In the nonindustrial sectors, gains occurred in professional services and government, and in transport, utilities, and communications.

From 1939 to 1955, the number of insured men in the six development areas increased by about 50,000, or almost 3 percent. Most of the increase occurred in the postwar years. During the entire period 1939-55, registered unemployment among men decreased almost 60 percent.

EMPLOYMENT OPPORTUNITIES FOR WOMEN

Opportunities for insured women workers showed more substantial gains than those for men. The net gain in the number of insured women from 1939 to 1955 in six areas was more than 300,000, or about 50 percent. (However, insured men in these areas still outnumbered women 3½ to 1 in 1955, whereas for the whole country the ratio was not quite 2 to 1.) Before World War II, industries employing large numbers of insured women were underrepresented in these areas, compared with all of Britain. This

was, in fact, an important cause of distress because, if the men were laid off, there were no other breadwinners in the family.

The insured women's gains occurred in manufacturing industries, particularly in chemicals, metalworking industries, electrical products, vehicles, clothing, and other manufacturing. Very few manufacturing industries failed to show increases in the employment of women—among the exceptions was the textile industry. Many of the firms which were induced by government policies to open factories or branch plants in the development areas employed women as an important part of their work forces, for example, clothing, radio assembly, and fabrication of small metal products.

There were also large gains for insured women in communications, public utilities, and transportation, and in professional services and government. The striking increase in insured women's opportunities outside of manufacturing must be related to the general revival in the local economies. Unemployment among insured women was more than halved (from 56,000 prewar to 25,000 in 1955 in six areas).

UNEMPLOYMENT IN DEVELOPMENT AREAS

In June 1955, the average unemployment rate for Great Britain was 0.9 percent of all insured male wage and salary earners, and 1.1 percent of all female. In the eight development areas combined, the rates were 1.9 and 2.5 percent for men and women, respectively (table 3). However, at these low levels, the difference between the rates shrinks to insignificance. Realistically, the labor market in 1955 was generally so tight as to drain even the local pockets of unemployment in areas where it had been at its worst.

The hard core of unemployment (individuals reported as continuously out of work for 26 weeks or more), of which much was heard before World War II, remained larger in the development areas than in the rest of the country. (See table 4.) With 19 percent of the country's insured male workers in 1955, the eight development areas accounted for 47 percent of all of the unemployed men in Great Britain who had been out of work for 26 weeks or longer, most of them 40 years old or over. And, with 17 percent of the insured women workers, these areas had 54 percent of the long-jobless women, of whom half were 40 years or more of age.

Migration away from the hard-hit areas involved chiefly the younger workers, boys and young men, rather than women. If, in spite of the decline in available younger workers, and in spite of rising new industries and revival of trade, the older workers continued a vain search for work (and eventually many of them may have ceased to register as unemployed), this points to a problem which resisted solution.

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BRITISH AND AMERICAN APPROACHES TO STRUCTURAL UNEMPLOYMENT

(By William H. Miernyk)

(In the continuing controversy in this country over the approach which should be taken to combat chronic unemployment in depressed industrial areas, little reference has been made to the experience of other countries in dealing with this problem. Yet, as early as 1934, the British Government was investigating the causes and extent of structural unemployment and since that time has enacted a series of measures which have proved highly successful in reducing this type of unemployment to relatively low levels. This article describes and compares the very different approaches taken to this problem by British and American policymakers and concludes that British experience has demonstrated that this country could and should

¹² British statistics show: (1) the insured employees, (2) those actually employed (including those on temporary layoffs), and (3) the registered unemployed (including those temporarily laid off, casuals, and wholly unemployed). We shall deal here primarily with the insured population—a measure of the wage-and-salary-earning labor force—and with the unemployed, both temporarily laid off and wholly unemployed. Data on age and duration of unemployment relate to the wholly unemployed.

A change in the statistical series on labor force and employment in 1948, resulting from expanded coverage under social security, hampers comparisons with earlier years. However, estimates for 6 areas for 1939 have been used here, derived from the studies of a British economist, J. H. Dunning, on the development areas. Data for 8 development areas were supplied by the Ministry of Labor and National Service for 1948, 1951, and 1955. It was not possible to obtain data for the development areas on employment and unemployment for the same prewar year. In some tables, 1937 data had to be used, in others, 1939.

¹³ Excluding Merseyside and Northeast Lancashire, for which 1939 data are not available.

take more effective steps to solve what the author calls "the most intractable unemployment problem of the post-war period."

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It has been more than a decade since the nations of the free world pledged themselves, separately and jointly, to the task of maintaining full employment.¹ In spite of this pledge, unemployment and underemployment remain serious problems in many undeveloped countries. While there is general agreement that the developed countries of the Western World have been largely successful in their efforts to maintain high and relatively stable levels of employment, many of these countries have nevertheless been confronted with the persistence of structural or chronic, localized unemployment.

There is no single and universally accepted definition of "full employment."² But whatever definition is accepted, no one expects every worker in an unplanned economy to be employed at a full-time job all the time. In free market economies, and even in those which are partially controlled, there is always a certain amount of frictional unemployment. This unemployment stems from job changes, temporary shutdowns, and according to some definitions, seasonal variations in the demand for labor. The distinguishing feature of frictional unemployment is that it is temporary. In an economy as large as that of the United States, more than a million workers might be frictionally unemployed even under conditions of full employment. But if this unemployment is truly frictional, the same individuals will not remain out of work for any significant length of time.

The full employment policies of Great Britain and the United States are compared in this article. In making such a comparison a number of questions arise: Does the concept of full employment have the same meaning on both sides of the Atlantic? What positive steps were contemplated in the two countries to achieve and maintain full employment? Are any steps being contemplated to reduce further the level of unemployment? Particular emphasis, however, is placed upon an analysis of what has been done in each country to combat structural unemployment, for this has been without doubt the most intractable unemployment problem of the postwar period.

DIFFERING CONCEPTS AND POLICIES

The American full employment policy was embodied in the Employment Act of 1946.³ This act is brief and quite general. The declaration of policy states that:

"It is the continuing policy and responsibility of the Federal Government to use all practicable means * * * to coordinate and utilize all its plans, functions, and resources

for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power."⁴

The remainder of the act deals with provisions for the establishment of the Council of Economic Advisers and the Joint Committee on the Economic Report, detailing their respective duties and functions. There is no discussion in the act of the causes, magnitude, or nature of the problems which it seeks to solve or avoid.

By way of contrast, the British white paper of May 1944⁵ discusses the causes of large-scale, chronic unemployment and spells out in considerable detail the policies which the coalition government at that time proposed to follow. There was explicit recognition of chronic, localized unemployment, which the Government proposed to attack in three ways:

(a) By so influencing the location of new enterprises as to diversify the industrial composition of areas which are particularly vulnerable to unemployment;

(b) By removing obstacles to the transfer of workers from one area to another, and from one occupation to another; and

(c) By providing training facilities to fit workers from declining industries for jobs in expanding industries.⁶

The program which evolved in Great Britain to combat localized unemployment will be discussed in considerable detail in a later section of this article. As indicated, no such program was proposed in the American Full Employment Act. The declaration of policy of the act contains only broad principles to which legislators with widely varying political philosophies could subscribe. In practice, monetary and fiscal policies and various built-in stabilizers have helped maintain the aggregate demand for labor at a high level during the postwar period. Also, not the least important among the factors contributing to full employment in the United States in recent years has been the steadily rising level of defense spending.

We turn now to some of the questions raised in an earlier paragraph. Does the concept of full employment have the same meaning in Great Britain and the United States? Speaking generally, full employment in any country means that the number of jobs, filled and open, is approximately equal to the number of workers employed or seeking work. There are various approaches to this ideal goal. One approach is to maximize the number of jobs by maintaining an adequate demand for the products and services of labor, and thus for labor itself, without intervention in the labor market, which is expected to match up idle workers and open jobs. This is the approach to full employment which has been followed in the United States. A second approach goes beyond the maintenance of a high demand for labor and includes positive measures to create new jobs in places where unemployment is high. The object of this approach, which has been followed in Great Britain, is to minimize unemployment. Under either approach there will be some residual unemployment, but the second approach will reduce unemployment to a lower level than the first.

Early discussions of full employment policy assumed a minimum level of frictional unemployment ranging somewhere between 4

and 5 percent of the labor force.⁷ This still appears to be the generally acceptable minimum level of unemployment in the United States.⁸ In Great Britain, however, there is widespread support of a more literal interpretation of full employment which would keep frictional unemployment between 1 and 2 percent of the labor force.⁹

If the best year in both countries during the decade preceding World War II is taken as a basis for comparison we find that in 1937 the rate of unemployment for insured male workers in Great Britain was 11 percent, and for females it was 7 percent. In the United States that year, unemployment averaged 14.3 percent of the labor force.¹⁰ In 1955, a decade after the British full employment policy was adopted, unemployment of insured males in Great Britain had dropped to 0.9 percent, and for insured females it was 1.1 percent. In the United States, 1955 was a year in which employment, production, and incomes reached new record levels, but unemployment that year averaged 4 percent of the labor force.¹¹ In terms of the acceptable minimums of the two countries, there was full employment in both,¹² but unemployment rates obviously differed markedly. In part at least, this is due to differences in the two full employment policies and programs. In Great Britain there has been a coordinated, and largely successful, attack on structural or chronic, localized unemployment, while in the United States efforts to develop such a program have been frustrated by resistance to the concept of Federal aid to depressed areas.

THE BRITISH EXPERIENCE

As early as 1934, the British Government was investigating the causes and extent of unemployment in certain depressed areas.¹³ These areas, which were dependent upon iron and steel production, coal mining, ship-

⁷ See S. Please, "Structural Unemployment and Government Policy," *International Labor Review*, vol. 75, No. 2 (February 1957), p. 119.

⁸ Although Robert S. Weinberg has suggested "a minimum acceptable level of frictional unemployment of 2.5 percent." See his article, "Full Employment 1955-60—A Feasibility Test," *American Economic Review*, vol. 43, December 1953, p. 863.

⁹ Please, loc. cit. In the United States estimated unemployment is expressed as a percentage of the civilian labor force, while in Great Britain it is expressed as a percentage of the insured labor force. Since most workers in Great Britain are insured, however, discrepancies between the two measurements, if they exist, will be small.

¹⁰ Jean A. Flexner and Ann S. Ritter, "Experience With Development Areas in Great Britain," *Monthly Labor Review*, May 1957, p. 6; and "Productivity, Prices, and Incomes," materials prepared for the joint committee by the committee staff (Washington: GPO, 1957), p. 87.

¹¹ Ibid.

¹² The difference in acceptable minimums is not an artificial distinction. In the United States when unemployment in a labor market area falls to less than 1.5 percent, it is classified as a "critical labor shortage area." See the *Labor Market and Employment Security* (Washington: U.S. Department of Labor, Bureau of Employment Security, February 1957), p. 10.

¹³ See "Reports of Investigations in the Industrial Conditions in Certain Depressed Areas of: I—West Cumberland and Haltwhistle; II—Durham and Tyneside; III—South Wales and Monmouthshire, and IV—Scotland," Cmd. 4728, 1934. For an excellent discussion of the economic characteristics of these areas, see J. L. Fyot and J. Y. Calvez, *Politique Economique Régionale en Grande-Bretagne* (Paris: Librairie Armand Colin, 1956), pp. 46-239.

⁴ Ibid., p. 129.

⁵ "Employment Policy," Cmd. 6527, H.M.S.O. May 1944, published by the Macmillan Co. in 1945.

⁶ Ibid., p. 11.

¹ In Articles 55 and 56 of the United Nations Charter. See "National and International Measures for Full Employment" (New York: United Nations, 1949), p. 5.

² For a discussion of various concepts, see Albert Rees, "The Meaning and Measurement of Full Employment," in "The Measurement and Behavior of Unemployment" (National Bureau of Economic Research: Princeton University Press, 1957), pp. 13-55.

³ See "Economic Report of the President" (Washington: G.P.O., January 1954), pp. 129-138 for a statement of the act as amended by the 83d Congress.

building, and tin plate, were experiencing a higher level of unemployment than other areas with a more diversified industrial base. During the interwar period, an average of more than half of the insured labor force of the areas was tied to these exporting, raw material, and capital goods industries,¹⁴ and these were the industries which suffered most during the depression. In certain communities in these areas, unemployment reached crisis proportions. In the town of Jarrow, in Durham, and in Methyr Tydfil, South Wales, unemployment at times totaled between 70 and 80 percent of the insured workers.¹⁵

The investigations into the plight of these areas led to enactment of the Special Areas Development and Improvement Act of 1934. Six of the seven areas investigated were designated as special areas, and commissioners were appointed to undertake the initiation, organization, prosecution and assistance of measures designated to facilitate the economic development and social improvement of the areas.¹⁶ Two commissioners were appointed, one for England and Wales, one for Scotland. Subsequently, the commissioner for England and Wales appointed three district commissioners for the areas under his jurisdiction.

The Commissioners were able to aid the depressed areas in a number of ways, including public works and assistance in the settlement of the unemployed on farms. They were also able to obtain preference in the award of Government contracts and to attract some arsenals and munitions plants to the special areas. During this period the Government worked through "trading estates" operated by private, nonprofit companies, to aid in industrial development. These estates, which were similar to the local industrial development organizations currently operating in this country, were active both within and outside the depressed areas. However, under the prevailing conditions of a high level of national unemployment, "the first efforts to persuade industries to locate in the special areas met with almost complete failure."¹⁷

In 1936 the Special Areas Reconstruction Agreement Act was passed to provide financial assistance to companies which would locate in the special areas. Such assistance was limited to "firms which had reasonable prospects of succeeding."¹⁸ A Special Areas Reconstruction Association was formed to administer the program, and the Treasury guaranteed approximately one-fourth of any losses which the association might incur. In the same year the Nuffield Trust was established through private philanthropy to aid in the rehabilitation of the special areas. Because this was a private agency it enjoyed more freedom of action than the Commissioners. It was able to assist directly in such ways as the purchase of shares in companies which located plants in the areas. The trust operated with a fund of £2 million.¹⁹ The following year an equal amount was provided under the Special Areas (amendment) Act of 1937 to establish a fund to be used by the Treasury to provide financial aid to firms located in the areas. In addition, under this act the Commissioners were authorized to make limited contributions toward the rent and local taxes of these firms and to "adjust income taxes of industrial undertakings for periods up to 5 years."²⁰

¹⁴ Ben W. Lewis, *British Planning and Nationalization* (New York: The Twentieth Century Fund, 1952), pp. 167-168.

¹⁵ *Ibid.*, p. 167.

¹⁶ *Ibid.*, pp. 168-169.

¹⁷ Flexner and Ritter, *loc. cit.*, p. 3.

¹⁸ Lewis, *op. cit.*, pp. 170-171.

¹⁹ In terms of the 1937 exchange rate, this amounted to \$9.9 million.

²⁰ Flexner and Ritter, *loc. cit.*, p. 3.

There was another significant development in 1937. In that year the Royal Commission on the Distribution of the Industrial Population, better known as the Barlow Commission, was appointed to "inquire into the causes which have influenced the present geographical distribution of the industrial population of Great Britain and the probable direction of any change in that distribution in the future." After exhaustive study the members of the Commission reported that the existing distribution of industry was one of the causes of localized unemployment. They also reached the significant conclusion that the problems thus engendered were national in character, and that solutions to the problems "must be sought along the lines of national inquiry and national guidance."²¹

After 1936, Government expenditures for munitions factories in the special areas increased. Also, the Ministry of Labor was empowered to assist in the retraining and transfer of unemployed workers from the depressed areas to more prosperous parts of the country. Almost 125,000 trainees were thus encouraged to move from the special areas to new jobs elsewhere during the period 1936-1939.²²

Conditions in the special areas continued to show improvement as Great Britain moved ahead with its rearmament program. At the beginning of World War II these areas were "more prosperous than at any time during the previous decade; however, their unemployment rate was still 13 percent—almost twice the national average."²³ The principal causes of improvement, however, were not basic changes in the structural characteristics of the depressed areas. Only a limited number of new civilian job opportunities had been created as a result of the various activities pursued under legislation enacted to solve the problem of localized unemployment in Great Britain. Most of the new employment was directly or indirectly dependent upon the rearmament program, although it must be pointed out that the Commissioners were successful in obtaining preferential treatment for these areas in this respect. During the war years, of course, employment in the special areas rose further as war production increased, and unemployment continued to decline as young male workers entered the armed forces from these areas.

After the war there was again an upsurge of unemployment in the depressed areas. In 1946 two new areas dependent upon coal mining and munitions, Wrexham (Wales) and Wigan-St. Helens (South Lancashire), were added to the original special areas under standing board of trade powers conferred by earlier legislation. In 1949 the Scottish Highlands and Merseyside were also added to the list of areas to receive special assistance. In 1953, a number of communities in north-east Lancashire, heavily dependent upon cotton weaving, were also included, as textile mills in this area were liquidated.²⁴

POSTWAR LEGISLATION

But while localized unemployment was rising during the early postwar period, the government was not idle. In 1945 the Labor Government passed the Distribution of In-

dustrial Act based in large part on the 1944 white paper on employment policy and the earlier Barlow report. This act was to provide the administrative machinery required to carry out the white paper's proposals for attacking the problem of localized unemployment. The commissioners who had administered the program during the prewar period were eliminated, and the board of trade took over administration of the new program.²⁵ In this legislation, too, the term "special area" was replaced by the more positive designation of "development area."

The Distribution of Industry Act gave the board of trade authority to construct factories, improve sites, acquire land on its own initiative, and also to provide financial assistance to local authorities for such activities. Grants and loans were made available to communities to assist in industrial development and in the procurement of basic facilities such as improved transportation, power, lighting, sanitation, and housing. An amendment to the Special Areas Act of 1937, passed in 1950, permitted the board of trade to contribute toward the moving expenses of firms locating in the development areas. In carrying out this program, the board of trade relied heavily on regional boards for industry for advice and consultation.²⁶

Following the recommendations of the Barlow report and the White Paper on employment policy, the Board of Trade was given a measure of responsibility for directing the location of new industry in an effort to achieve an optimum distribution throughout the country. A special Location Office was established by the board to collect and analyze information about industrial sites, labor supply, availability of power, housing, transportation, and other factors relevant to location decisions. All firms planning to construct new industrial buildings above a minimum size were required to register this information with the Board. Initially this minimum was 5,000 square feet, but this was later raised to 10,000 square feet.

The authority of the Board of Trade was considerably strengthened by enactment of the Town and Country Planning Act of 1947. Under this law, applications for industrial development certificates, which were required for the construction or expansion of industrial buildings, were granted only if approved by the Board. This again was consistent with the policies developed in the White Paper which said: "On the one hand, power will be taken to prohibit the establishment of a new factory in a district where serious disadvantage would arise from further industrial development. On the other hand, the Government will be able to use their influence to steer new factory development into areas which call most urgently for further industrial diversification."²⁷

A special committee, the Development Areas Treasury Advisory Committee, was established to review requests for financial aid. Members were drawn from banking, labor, management, and public administration. In all cases, Board of Trade approval was required before aid was granted, and there had to be a showing that any project

²⁵ The board of trade is the British counterpart of the U.S. Department of Commerce. It has, however, more administrative power than the American agency.

²⁶ For a discussion of the relationship between the board of trade and the regional boards, see Fyot and Calvez, *op. cit.*, pp. 29-37.

²⁷ "Employment Policy," p. 12. Even prior to 1947 there was some direction of new industry to the development areas through the activities of the Capital Issues Committee of the Treasury. A number of capital issues were used to finance new plant construction in the areas especially in the immediate postwar period.

²¹ Report of the Royal Commission on the Distribution of the Industrial Population, Cmd. 6153, 1940, p. 201. See also William H. Beveridge, *Full Employment in a Free Society* (New York: W. W. Norton & Co., 1945), pp. 166-169.

²² Flexner and Ritter, *loc. cit.*, p. 4.

²³ *Ibid.*

²⁴ For a discussion of the economic characteristics of these areas and the causes of their unemployment, see Fyot and Calvez, *op. cit.*, especially pp. 51-55, 126-131, 182-188, 234-235, and 146-148.

aided would, in due course, be able to stand on its own feet as a successful business venture.²⁸

In addition to the negative control over the location of industry granted the Board of Trade by the Town and Country Planning Act of 1947, various positive measures were taken to encourage or direct the location of new industry in development areas. In South Wales, for example, 10 Grenfell factories were built by the Government and leased to firms which agreed to fill at least half of their jobs with workers suffering from partial disability.²⁹ Other shops, called "re-employ factories," were operated by the Government to employ workers whose health did not permit them to accept normal employment.³⁰

It is apparent that during the postwar period the British Government launched a many-sided attack on localized unemployment. The objective was not to provide palliatives, but rather to initiate a long-term program of development. This involved a planned redirection of earlier locational trends and both positive and negative measures to insure that the distribution of industry would conform to a pattern which would eliminate pockets of persistent unemployment. To do this the Government directed the location of industry to development areas through compulsory certification of new factory construction. The Government, on its own, constructed some factory space and made this available to private enterprise on a lease basis. Loans and grants were made to businesses which located in the development areas. A program of retraining for the unemployed was launched, and some unemployed workers were given financial assistance to migrate to other areas. In general, the Government followed Lord Beveridge's dictum that it is better to bring jobs to workers than to force workers to leave their homes in search of new employment. But it was not doctrinaire in this respect. In the main, new jobs were brought to the workers, but some workers were aided and encouraged to move to new jobs.³¹

In the earliest statement of its full employment policy, the British Government recognized that if the problem of localized unemployment was to be dealt with effectively, it must be attacked at the national level. This is not to say that there was complete acceptance of this principle from the outset. As steps were taken to put this policy into practice, opposition to the principle had to be overcome. During the debate in 1945 on the distribution of industry bill, for example, the opposition contended that the proposed legislation represented sectional rather than national interests, and the bill which finally became law was considerably modified over the original version.³² Gradually, however, the view that such legislation was sectional in character waned, and by 1947 a majority of Members of Parliament accepted the nation that an effective national full employment policy must be concerned with

the problems of persistent unemployment in local areas.

EVALUATION OF THE BRITISH APPROACH

How successful was this program of rehabilitating depressed areas? Was it possible for the Board of Trade, through persuasion, coupled with authority to deny permission for the construction of factories wherever builders might choose, to steer new industry to the development areas? The record shows that the overall program of the redevelopment of depressed areas was impressive. Lewis reports that more than half the new factories established in Great Britain between 1945 and 1950 were located in development areas. "By August 1950," he reports, "1,122 new factories and extensions had been built in the areas * * * and 249 were then under construction."³³ Government factories accounted for about 42 percent of the completed structures. The number of new jobs provided by factory employment alone up to that time was in excess of 200,000. "Whereas in 1932 the number of unemployed in the areas constituted 38 percent of the insured workers, the figure in February 1950 had fallen to 4 percent of a much larger insured population."³⁴ This, it is worth repeating, was the level suggested in early discussions of full employment as an acceptable measure of frictional unemployment.

But the program did not stop once unemployment had been reduced to this level. The Board of Trade continued to direct new industry to the development areas and, by the end of 1955, unemployment in the eight areas then classified as development areas had fallen to 1.9 percent of the insured male labor force and 2.5 percent of the female work force. This compares with national figures for that year of 0.9 percent (male) and 1.1 percent (female).³⁵

By mid-1955, the Conservative government decided that unemployment in the development areas had been reduced to satisfactory levels, and the program of aid was discontinued. In support of this decision the Government reported that private building, with a volume 3 times that of Government building since 1945, could be relied on to continue the rehabilitation program.³⁶

The Trades Union Congress criticized the Government for this action, but on the whole there was satisfaction with the progress which had been made up to that time. Not only was unemployment reduced to relatively low levels, but the industrial structure of most of the development areas had been altered. They were now more diversified industrial communities less susceptible to mass unemployment in the event of a downturn in activity in a single industry. There were, of course, other forces at work in Great Britain which contributed to the reduction of unemployment in the development areas. In addition to the growth of new, diversified industries in these areas, there was a revival of some of the basic industries upon which these communities had formerly depended for employment.

The rehabilitation of the depressed areas could not have been accomplished without a high level of employment in the nation as a whole. It does not follow, however, that the depressed areas would have recovered as they did even in the absence of the Government measures described above.

²⁸ Lewis, op. cit., p. 181.

²⁹ These factories were named after the Member of Parliament, D. R. Grenfell, who first suggested their construction. They were of standardized design and covered an area of 25,000 square feet.

³⁰ Cf. Flexner and Ritter, loc. cit., also Fyot and Calvez, op. cit., ch. II.

³¹ See Flexner and Ritter, loc. cit., p. 7.

³² The original bill, for example, would have given the Board of Trade negative control over the location of industry via the power to prohibit new factory construction in certain areas. It was not until the Town and Country Planning Act was passed in 1947 that the board was given this authority. See Lewis, op. cit., p. 177. Cf. also, Fyot and Calvez, op. cit., p. 30.

³³ Lewis, op. cit. p. 181.

³⁴ Ibid., p. 182. Further evidence of the success of this program is given in a statement by the British Trades Union Congress in Area Redevelopment Hearings before the Subcommittee on Labor, Committee on Labor and Public Welfare, U.S. Senate, 84th Cong., 2d sess., pt. 2, pp. 794-796.

³⁵ Flexner and Ritter, loc. cit., p. 6.

³⁶ Ibid.

Before these measures were enacted, a substantial shift in the location of British industry was underway. The third report of the Commissioner for England and Wales had pointed out that "the drift to London was gaining in volume—while 213 new factories were established in London in 1935, only 2 new factories and 6 extensions were reported in the whole of the special areas."³⁷ It was this uneven growth of industry which led to the appointment of the Barlow Commission in 1937 and subsequently to an effective program for creating new jobs in the depressed areas of Great Britain.

There can be no doubt that many workers would have followed geographical shifts in industry if the earlier trends had been allowed to continue. But as Beveridge has pointed out, beyond a point there are obstacles to the geographic mobility of labor which cannot be overcome.³⁸ It is extremely unlikely that in the absence of steps to control the location of industry, unemployment in the development areas would have been reduced to the relatively low levels achieved in recent years.

The problem of localized unemployment in Great Britain has not been completely solved. In 1958 unemployment in some areas was as much as four times the national average. In Greenock and Port Glasgow, both tidewater communities on the south bank of the Clyde, unemployment rose sharply as the result of layoffs in shipbuilding and sugar refining and the displacement of dockers by mechanical unloading devices. The Board of Trade has already moved, however, to create new job opportunities in this area. The expansion of a business machines factory has been authorized, and a new drydock and ship repair facilities at Greenock are under consideration.³⁹

Unemployment has also increased in South Wales due to the closing of more than 20 older tinplate and sheet-steel works and to the introduction of automatic processes in others. Trade union leaders have called for vigorous action to eliminate this unemployment and have urged that a proposed new integrated strip mill be located in this area.⁴⁰ Members of Parliament from this region are also urging Government action to revive industrial growth in South Wales. In the face of these pressures it is quite likely that the Government will participate more actively than it has since 1955 in the direction of new industry to areas with a substantial volume of unemployment.

One final question must be considered, if only briefly. Has the direction of manufacturing plants to the depressed areas of Great Britain led to the "uneconomic" location of industry? In other words, are the costs of operating these plants at their present locations higher than they would have been if market forces had been permitted to determine the selection of sites? These questions cannot be answered definitively. Studies are currently underway in England which should shed some light on these important issues, but they have yielded no final results as yet.⁴¹ Even if it should be found, however, that the direction of industry to the development areas has resulted in somewhat higher costs for individual plants, these must be set against the social gains produced by the reduction of structural unemployment. From the point of view of the economy as a whole, the added product and

³⁷ Lewis, op. cit., p. 172.

³⁸ Op. cit., p. 86. See also his discussion of earlier efforts to increase the mobility of labor on pp. 86-87.

³⁹ The Times (London), March 10, 1958.

⁴⁰ Ibid., March 3, 1958.

⁴¹ Flexner and Ritter, loc. cit., p. 1.

income and the savings in unemployment compensation payments resulting from these various government measures could outweigh by a considerable margin any net additions to manufacturing costs due to deviations from least-cost locations as determined by market forces.

THE AMERICAN EXPERIENCE

The British full employment program has included measures to deal specifically with the problem of chronic, localized unemployment. In the United States, however, there has been a different emphasis. We have depended upon built-in stabilizers and upon monetary and fiscal policies to help maintain a climate conducive to a high level of employment. We have not developed a national policy which would create new jobs for workers in areas of above average unemployment or to assist workers to move from such areas to other places with more promising job opportunities. Thus, while we have committed ourselves to the maintenance of a high level of employment in the aggregate, we have retained a strong faith that the market mechanism is the appropriate means to bring together idle workers and open jobs—on the assumption that job openings somewhere exist.

It would be unfair to leave the impression that the Federal Government has done nothing to bolster employment in surplus labor areas. Government contracts have been placed with firms in these areas,⁴² and rapid tax amortization privileges have encouraged some firms to expand plant facilities in some of the areas.⁴³ What is lacking, however, is a coordinated Federal program designed to encourage the growth of new economic activities in the Nation's depressed industrial areas.

There are no statistical data to show the relative distribution of unemployment among local labor market areas prior to 1940, but there is no doubt that even during the depression some areas experienced greater unemployment than others. Unemployment was unusually severe in such communities as Providence, R.I., and Lawrence, Mass., where the exodus of textiles from New England had already begun. Also, the anthracite coal areas of Pennsylvania were in particular distress during the depression. At that time, however, our concern was with the broader problem of nationwide mass unemployment.

During the war, labor shortages disappeared in most places, and during the "catching up" phase of the postwar period unemployment in the Nation remained below 4 percent of the labor force. With the recession of 1948-1949, the problem of localized unemployment reappeared. Between 1947 and 1951, for example, unemployment in the Nation ranged from 3 to 5.5 percent of the civilian labor force, but a study of 87 labor market areas in New England revealed that during that period 44 of these areas had an unemployment rate of 10 percent or more.⁴⁴ Much but not all of this unemployment was due to the secular decline of textile employment in the region. There

were similar pockets of unemployment at that time in Pennsylvania, southern Illinois, the coal fields of West Virginia, and other areas scattered among a number of States.⁴⁵

The Council of Economic Advisers recognized the existence of such structural or "spot" unemployment in its report of January 1955, but at that time the council eschewed measures to deal with the specific problems of the communities affected. Instead, its members concluded, "a large part of the adjustment of depressed areas to new economic conditions both can and should be carried out by the local citizens themselves."⁴⁶ The council felt that the most effective contribution which the Federal Government could make to this problem was to pursue those policies "that promise a high and stable level of employment in the Nation at large."⁴⁷ This was a restatement of the view that if the aggregate demand for labor could be maintained at a sufficiently high level, unemployed workers and open jobs would be matched up through the operation of the labor market.

The Joint Congressional Committee on the Economic Report did not agree, however. In their report of 1955, the committee called for Federal action to aid depressed areas. In the same year, the committee conducted comprehensive hearings on low-income families in the United States which included an investigation of the causes and magnitude of localized unemployment in industrial and mining areas.⁴⁸ Somewhat earlier that year, the Committee on Labor and Public Welfare had held hearings on the causes of unemployment in specific industries and, in the course of these hearings, had touched upon the problem of depressed areas.⁴⁹

In the election of 1956 the depressed area problem became a campaign issue. Both parties promised action to alleviate persistent, local unemployment. By January 1956 the Council of Economic Advisers had also come to the conclusion that the fate of depressed areas was "a matter of national as well as local concern."⁵⁰ It proposed a program of Federal assistance to depressed communities built upon four basic principles:

(a) Federal assistance should aim at helping communities to help themselves.

(b) The program should aim at lasting improvement of job opportunities by the establishment or expansion of productive industries.

(c) Federal assistance should be contingent on the active participation of governmental authorities who are close to the troubled community.

(d) Federal aid must not be extended to the community if the proposed project will create unemployment in some other area.⁵¹

⁴² See Miernyk, op. cit., pp. 9-11; Sar A. Levitan, *Federal Assistance to Labor Surplus Areas* (Washington: GPO, 1957), pp. 9-13, and Louis Levine, "Unemployment by Locality and Industry," in the *Measurement and Behavior of Unemployment* (National Bureau of Economic Research: Princeton University Press, 1957), pp. 345-352.

⁴³ *Economic Report of the President* (Washington: GPO), January 1955, p. 57.

⁴⁴ *Ibid.*

⁴⁵ "Low-Income Families," hearings before the Subcommittee on Low-Income Families of the Joint Committee on the Economic Report, 84th Cong., 1st Sess., November 1955.

⁴⁶ "Causes of Unemployment in the Coal and Other Domestic Industries," hearings before the Subcommittee to Investigate Unemployment of the Committee on Labor and Public Welfare, 84th Cong., 1st sess., March-April 1955.

⁴⁷ "Economic Report of the President," January 1956, p. 61, italics added.

⁴⁸ *Ibid.*, pp. 61-62.

The council further suggested that an Area Assistance Administration be established in the Department of Commerce to administer a program of aid to depressed areas. This program, it was suggested, would include grants for the improvement of facilities, loans to firms which would locate in surplus labor areas, and technical assistance to communities qualifying for such aid.

THE DOUGLAS AND SMITH BILLS

A number of bills were introduced into the 84th Congress to provide Federal aid to depressed areas. One bill which embodied the suggestions made by the Council of Economic Advisers, and which was approved by the Eisenhower administration, was introduced by Senator H. Alexander Smith of New Jersey. Under this bill the Secretary of Commerce would have been authorized to make loans from a fund of \$50 million for the construction of new factory buildings and the improvement of existing facilities in depressed areas. It also would have provided a fund of \$1.5 million to support a proposed program of technical assistance.⁵² The Secretary of Labor, had this bill become law, would have been authorized to assist local communities in establishing vocational retraining programs for unemployed workers, but no provision was made for payments to the workers while undergoing retraining.

A second bill was introduced by Senator PAUL H. DOUGLAS, of Illinois. This bill called for a separate agency under the executive branch of the Government to administer the entire program of Federal aid to depressed areas. It called for a revolving fund of \$100 million to provide loans for the construction of new industrial facilities, and an additional \$100 million to be used for loans and grants for public works. This bill would have provided supplementary unemployment compensation to workers undergoing vocational retraining. It also would have granted accelerated tax amortization privileges to firms locating in depressed areas and urged that Federal procurement contracts be granted to firms in these areas to the extent that this would not conflict with other procurement objectives.⁵³

After these bills had been introduced, further hearings were held by a subcommittee of the Committee on Labor and Public Welfare under the chairmanship of Senator DOUGLAS. The report of these hearings was the most comprehensive discussion of the causes of chronic, localized unemployment published up to that time.⁵⁴ A majority of witnesses testified to the need for a program of Federal aid to revitalize the economies of surplus labor areas. Following this investigation the original bill introduced by Senator DOUGLAS was amended in a number of respects. The original bill, for example, had been concerned with depressed industrial areas only; the amended bill was broadened to include depressed rural areas as well. Total loan funds under the revised bill were

⁵² Technical assistance includes such activities as market surveys and advice by specialists in the economics of location, cost accountants, engineers, and others who could assist local organizations in the redevelopment of depressed areas. For a more complete discussion, see Miernyk, op. cit., pp. 58-61.

⁵³ For further discussion of the two major bills introduced into the 84th Congress, see Miernyk, op. cit., pp. 43-50; Levitan, op. cit., passim; and Guy Waterman, "Federal Aid to Depressed Areas?" in *American Economic Security*, March-April 1956.

⁵⁴ "Area Redevelopment," hearings before the Subcommittee on Labor of the Committee on Labor and Public Welfare, 84th Cong., 2d sess., January-April 1956.

⁴² It has been reported that defense contracts amounting to more than \$400 million were awarded to firms in 97 labor surplus areas in fiscal 1957. See the *Manchester (N.H.) Union Leader*, December 29, 1957.

⁴³ For a discussion of these and other Federal activities, see William H. Miernyk, "Depressed Industrial Areas—A National Problem" (Washington: National Planning Association, Planning Pamphlet No. 98, 1957), pp. 37-40.

⁴⁴ *Chronic Unemployment in New England from 1947 to 1951*, Committee of New England of the National Planning Association, Staff Memorandum No. 2, May 1952, pp. 21-25.

raised to \$275 million, with an additional \$50 million to be used for grants for the improvement of public facilities. The revised bill did not contain provisions for rapid tax amortization, and the references to Federal procurement contracts contained in the original bill were also deleted.

A compromise version of the Douglas bill was passed in the Senate during the closing days of the 84th Congress, but administration leaders successfully prevented a vote in the House of Representatives. Undaunted, however, proponents of Federal aid to depressed areas (now called "redevelopment areas") introduced new bills into the first session of the 85th Congress. Again there was one bill, similar to the earlier Smith bill, which had administration approval, and another introduced by Senator DOUGLAS. The latter was similar in its essential outlines to the Douglas bill introduced into the prior Congress.

Extensive hearings were once again held. Senators and Representatives from States with surplus labor areas, labor leaders, spokesmen for Indian tribes, State and local officials, and various others appeared before the committee in support of a program of Federal aid to communities with substantial local unemployment.⁵⁵ At the time of the hearing employment in the Nation was high; we had not yet entered the recession which started later in 1957. These are the conditions that would be most propitious for the launching of a successful attack on localized unemployment, but under such conditions it appears to be most difficult to enlist the required congressional support. As one business magazine put it, depressed area legislation in the 85th Congress became "lost in the economy shuffle."⁵⁶

This does not mean that the problem of chronic, localized unemployment had been solved, nor has it been solved to the present day. In March 1957, the month which marks the beginning of the recession of 1957-58, 20 major labor market areas were still classified as substantial labor surplus areas. In that month there were also 59 minor labor market areas in the same category.⁵⁷

It is true that there had been some improvement prior to the onset of the recession. In December 1956 a spokesman for the U.S. Chamber of Commerce could report jubilantly that no major continental labor market now suffers unemployment in excess of 12 percent.⁵⁸ He might have pointed out, however, that nearly a score of the Nation's major labor market areas, had unemployment ranging from 9 to 12 percent, and more than two score of the minor areas in the country had this much or more unemployment at a time when unemployment in the Nation averaged only 3.7 percent. It is clear that a disproportionate share of the Nation's unemployed were concentrated in the depressed areas.⁵⁹

These areas are also extremely sensitive to a cyclical downturn in employment. Since they begin with a fairly large base of unemployed, even a fairly modest downturn in economic activity is enough to move them into the surplus labor category. In March 1958, 70 major labor market areas were classified as substantial labor surplus areas. A number of these, including some of the textile areas of New England and the coal communities of Pennsylvania, have a history of persistent unemployment extending back for a decade.⁶⁰

THE OPPOSING VIEWS

A coordinated program of Federal aid to depressed areas has thus far been rejected in this country.⁶¹ To some this has appeared as a repudiation of our full employment policy. Indeed it can be argued that, the automatic stabilizers excepted, there has been little positive action to maintain full employment per se. To some extent monetary and fiscal policies have been directed to this end, but we should not ignore other policy ends which undoubtedly have been of far greater influence in determining the size of the Federal budget, tax policies, and other Government measures which have helped sustain the demand for labor at a high level. Our position of world leadership and the scientific and technological competition with the Soviet Union have called for a tremendous military budget. Also, since the end of World War II we have witnessed an enormous upsurge in private capital formation which to no small degree has resulted from technological changes, many of an exogenous character. The result has been a high level of employment nationally throughout most of the period since the adoption of our full employment policy.

The one challenge to what many would consider as effective full employment has been that of chronic, localized unemployment and we have chosen, as a matter of national policy, to ignore that challenge. As mentioned earlier, some defense contracts have been placed with firms in depressed areas, and a modest amount of plant expansion has been stimulated by the rapid tax amortization program. Also, the Area Development Office in the Department of Commerce and the Bureau of Employment Security of the Department of Labor have been able to provide some technical assistance to labor surplus areas. As Levitan has pointed out, however, "special assistance offered the labor surplus areas is a byproduct of broader programs."⁶² A coordinated program designed specifically to aid depressed areas has not been acceptable thus far to our lawmakers.

Although opponents of Federal aid to depressed areas have recognized that many communities are faced with serious employment problems, they have insisted that these problems can and should be solved at the local level by the age-old standby of the market mechanism plus local industrial de-

velopment programs.⁶³ Such opposition has come from local development groups, some local chambers of commerce,⁶⁴ the U.S. Chamber of Commerce, and the American Farm Bureau Federation. Some of the opposition has come from the areas affected. For example, the New England Council, a region-wide promotional and development organization, has publicly gone on record as opposing Federal aid to labor surplus areas.⁶⁵

Instead of Federal aid, most of these groups or organizations argue that the rehabilitation of depressed areas should come through local industrial development activities. It has been estimated that there are about 3,000 community industrial development corporations in the Nation.⁶⁶ The vast majority of these are in communities which are not classified as surplus labor areas. A growing number of such organizations have been established in depressed areas, however, and in some cases have been quite successful. In others, their records have been less than impressive. Industrial development agencies in depressed areas are in competition with their counterparts in expanding areas, and often the latter have much more to offer in the way of locational advantages than many of the depressed areas can without developing new compensating advantages. The causes of chronic, localized unemployment are varied and complex.⁶⁷ They are often beyond the control of the citizens of a community. In spite of the best intentions, local action might not always be enough to solve localized unemployment problems.⁶⁸ Some communities lack the financial and technical resources required. The object of proposed Federal aid is to compensate for these deficiencies in an effort to assist the local communities to help themselves. Not even the most ardent advocate of Federal aid has suggested that it is the responsibility of the Federal Government to create jobs at any cost for all unemployed workers in depressed areas, nor has anyone suggested that it should be the sole responsibility of the Federal Government to rehabilitate these communities. This has often been implied, however, by opponents of proposed Federal assistance to depressed areas.⁶⁹

SUMMARY AND CONCLUSIONS

The full employment policy of the United States may be described as one which at-

⁶³ For typical expressions of this viewpoint, see Guy Waterman, "Federal Aid to Depressed Areas?" *American Economic Security*, March-April 1956; "Depressed Areas and Facts," *ibid.*, July-August 1956; and "Adjustment to Localized Unemployment," *ibid.*, November-December 1956. See also the statement of Robert P. Lee, representing the Chamber of Commerce of the United States, in *Area Redevelopment*, March-May 1957, pp. 613-642.

⁶⁴ Some local chambers of commerce, however, have supported a program of Federal aid to depressed areas. See, for example, *Area Redevelopment*, March-May 1957, *passim*.

⁶⁵ See William H. Miernyk, "The Problem of Depressed Areas," *Monthly Labor Review*, March 1957, p. 305.

⁶⁶ Waterman, *loc. cit.*, p. 55.

⁶⁷ On this, see my testimony before the Subcommittee on Low-Income Families in *Low-Income Families*, especially pp. 597-598.

⁶⁸ See the remarks of Senator DOUGLAS in *Area Redevelopment*, March-May 1957, pp. 624-625.

⁶⁹ For example, even the relatively moderate Committee for Economic Development has recently stated that "leaving area development to Washington would be wrong, expensive, and an abdication of private responsibility." *Economic Developments*, July 1957, p. 5.

⁵⁵ For a report of these hearings see *Area Redevelopment*, Hearings before a Subcommittee of the Committee on Banking and Currency, 85th Cong., 1st Sess., March-May, 1957.

⁵⁶ *Business Week*, June 15, 1957, p. 79.

⁵⁷ "The Labor Market and Employment Security," U.S. Department of Labor, Bureau of Employment Security, April 1957, pp. 33-39. Areas with 6 percent or more of the total labor force unemployed are classified as areas of substantial labor surplus.

⁵⁸ Guy Waterman, "Adjustment to Localized Unemployment," *American Economic Security*, November-December 1956, p. 27.

⁵⁹ Elsewhere I have estimated that in March 1955 surplus labor areas accounted for 10 percent of the Nation's labor force and 19 percent of national unemployment. See Miernyk, *op. cit.*, p. 9.

⁶⁰ See *ibid.*, pp. 10-11, and "The Labor Market and Employment Security," April 1958, pp. 7-8.

⁶¹ Interest in the problems of these areas remains high, however. For the results of recent investigations, see Richard C. Wilcock, "Employment Effects of a Plant Shutdown in a Depressed Area," *Monthly Labor Review*, September 1957, pp. 1047-1052; and Vincent F. Gegan and Samuel H. Thompson, "Worker Mobility in a Labor Surplus Area," *ibid.*, December 1957, pp. 1451-1456.

⁶² Federal Assistance to Labor Surplus Areas, p. 2. For further discussion of Federal activities which have provided aid to depressed area, see Miernyk, *op. cit.*, pp. 37-42.

tempts to maximize the demand for labor; that of Great Britain as one which attempts to minimize unemployment. Although the goal of each is to achieve full employment, as defined earlier in this article, the two policies are not identical.⁷⁰ The American policy strives to maintain an "adequate" demand for goods and services to insure a high level of derived demand for labor; it is up to the labor market to see that unemployed workers are directed to job openings. The British policy, however, goes beyond the maintenance of adequate demand; it includes the use of measures, when necessary, to direct the location of new private enterprises to areas of above average unemployment and to direct Government participation in the long-term economic development of such areas.

The British experience has shown that a high level of structural unemployment need not be tolerated in a free society. As the result of a concerted attack on this problem, the British have revised downward their estimates of what constitutes "frictional" unemployment. Indeed, as one eminent British economist, Colin Clark, has said: "We are likely to achieve much better results, both in knowledge and in action, if we make no claim about any supposed 'necessary minimum of unemployment,' but confine our efforts to gage the degree of overemployment to measuring it in a converse manner, by studying the number of unfilled vacancies recorded at labor exchanges."⁷¹ It is also worth noting that Clark does not consider overemployment as a primary cause of inflation. While, in his opinion, overemployment "may be a persistent menace, we cannot blame it as the outstanding factor in forcing up prices and wages."⁷²

It scarcely needs to be said that the difference between the full employment policies of the United States and Great Britain is a reflection of the different political philosophies in the two countries. Despite the increased importance of the Federal Government in the United States, ours remains essentially a free market economy, and this applies to labor as well as product markets. The price we pay for this is a relatively high level of unemployment even under conditions of "full employment." The British Government is committed to a greater amount of central planning in both product and labor markets. "Ten years' experience of rates of unemployment of around 1 and 2 percent have led, it seems, to a widespread belief that it is undesirable for the rate ever to rise above this very low level—a belief which both the major political parties in the United Kingdom would probably find it suicidal to repudiate."⁷³

The proposals that have been made thus far for Federal aid to depressed areas in the United States are nevertheless entirely consistent with our present political philosophy. They envisage no government action

which we have not seen before either on a temporary or continuing basis. The Federal Government has provided loans to business in the past, through the Reconstruction Finance Corporation. Technical advice and assistance is regularly provided to business by a number of Federal agencies. Loans and grants for public facilities are certainly not a novel suggestion. Vocational retraining would be carried on through established agencies and institutions. The nonrecoverable expenditures contemplated, incidentally, would represent only a slight fraction of the amounts we have spent to provide for an orderly decline in the agricultural sector of our economy.

In many ways the thinking of proponents of Federal aid to depressed areas has been comparable to that of the advocates of "pump-priming" measures during the early days of the New Deal. The thought has been that if the Government could stimulate a revival in these areas through loans, technical assistance, and vocational retraining, private investment could be counted on to complete the recovery.⁷⁴ While it is unlikely that this approach would reduce structural unemployment to the levels achieved in Great Britain, there can be no doubt that it would lead to improved conditions in the depressed areas of this country.

Why has Congress until recently failed to accept the relatively modest proposals for Federal aid to depressed areas advanced thus far?⁷⁵ For one thing, most of the surplus labor areas in the United States are concentrated in a small number of States. To many Senators and Congressmen the proposed legislation has undoubtedly appeared to be "sectionalist" in character.⁷⁶ Also, while our policy makers have accepted the principle of maintaining an adequate demand for goods and services, and thus a high level of demand for labor, they have been unwilling to experiment with a national policy designed to minimize unemployment.

[From *International Labour Review*, v. 74, July 1956:1-22]

EMPLOYMENT AND UNEMPLOYMENT: GOVERNMENT POLICIES SINCE 1950

UNEMPLOYMENT IN DEPRESSED AREAS

Unemployment in depressed areas is best considered separately from other types of unemployment. A part of the remedy for such unemployment may be found in measures to facilitate the movement of labor away from the depressed area. Many workers are, however, reluctant to uproot themselves and to disrupt family and social ties. Moreover, such measures may involve the heavy social costs of abandoning schools, land development, power plants and other community facilities in depressed areas and expanding these facilities in the areas into which unemployed workers are moved. In

many cases it is a better remedy to move capital into the depressed area rather than to encourage workers to move away from it, unless of course the area is considered hopeless for further development at a reasonable social cost even if more capital is moved into it.¹

Especially in countries where unemployment is otherwise at a low level, interest in the problem of depressed areas has increased considerably in recent years. In the United States attention was called to this problem in the report of a joint committee of Congress. In testimony before the committee it was shown that unemployment was often substantial in textile-producing areas of New England and in coal-mining areas, especially in Pennsylvania. Unemployment is also high in some communities where railroad work is important. In his latest annual economic report the President of the United States recommended the organization of a new Area Assistance Administration for aiding communities that have persistent and substantial unemployment. This body would extend capital improvement loans for projects that promise to improve a community's longrun economic outlook but for which financing cannot be obtained on reasonable terms from private sources. The loans should be made in participation with the State or local government, acting either directly or through a proper community agency. The Federal loan should not exceed, say, 25 percent of the cost of the project, while the State or local share must not fall short of, say 15 percent. This loan program should be confined to communities that have had an unemployment rate of around 8 percent, or more during the greater part of the preceding 2 years. But the loans should be available for a wide range of projects, such as the construction of industrial facilities, the purchase and alteration of existing facilities, or the consolidation and development of tracts for industrial sites.²

In addition to this proposal there are a number of laws and administrative practices in the United States that provide for assistance to depressed areas. The Office of Defense Mobilization in the administration of the Defense Mobilization Act of 1950 is authorized to grant permission for rapid depreciation to firms engaged in defense work in areas that are certificated by the Secretary of Labor to have a "current or imminent surplus of labor." In the rules governing the procurement of supplies for Government agencies there are also provisions for assistance to areas with substantial unemployment. Where there are no differences in prices charged for supplies between areas of substantial unemployment and other areas, orders are required, if possible, to be placed in the former areas. When contracts for Government work are let out by competitive bidding, in case of tie bids between a firm in an area of substantial unemployment and some other firm the contract should be awarded to the former. In an executive order of the President issued on December 17, 1954, under the so-called Buy-American Act of 1933, the President has authorized the rejection of a foreign bid "in any situation in which the domestic supplier offering the lowest price for furnishing the desired materials undertakes to produce substantially all of such materials in areas of substantial

⁷⁰ Nor are these terms used in the same sense as the "maximum employment" and "minimum unemployment" approaches described by Rees. In his study, Rees was concerned with the statistical measurement of full employment rather than with policy goals which are the subject of discussion in the present paper. Cf. Rees, loc. cit., pp. 16 and 29.

⁷¹ Colin Clark, "The Cost of Living" (London: Hollis & Carter, 1957), p. 10. Some American economists, by way of contrast, might think that even the early estimates of frictional unemployment were too low. Clark Kerr, for example, has stated that a 5-percent level of unemployment appears to be "normal" for the American economy. See *American Economic Review*, vol. 41, May 1956, p. 221.

⁷² Op. cit., p. 12.

⁷³ Please, loc. cit., pp. 119-120.

⁷⁴ The revised Douglas bill called for termination of Government assistance when an area no longer met the requirements for original aid. In practice, this would mean that if unemployment could be reduced to less than 6 percent, the area would no longer be eligible for further Federal aid. See S. 964, 85th Cong., 1st Sess., Sess. 5 and 15, pp. 4-5 and 22-23.

⁷⁵ After this article had gone to press, Congress passed and sent to the President the Area Redevelopment Act (S. 3683) which calls for \$279 million in loans and grants to surplus labor areas. At this writing, it is uncertain whether the President will sign this bill. While passage of the bill does not mean that our policy makers have fully accepted the principle of minimizing unemployment, this is an important step in that direction.

⁷⁶ We have long since recognized, however, that many allegedly sectional measures, the Tennessee Valley Authority, for example, have benefited the entire economy.

¹ In principle the problem of depressed areas differs from the problem of underdevelopment in that, within countries with depressed areas, unemployment can be overcome by reallocating some of the available supply of capital to the depressed area. In underdeveloped countries, per se, there is not enough capital to provide full employment even if capital is reallocated in the best possible way.

² Economic Report of the President, January 24, 1956 (Washington, 1956), pp. 61-62.

unemployment." In a regulation of June 29, 1955, issued by the Secretary of Labor, criteria for the determination of areas of substantial unemployment were set out as follows:³

"1. The number of workers seeking employment in the area is in excess of currently available job opportunities, and this situation is expected to continue through the next 2- and 4-month period.

"2. Unemployment is 6 or more percent of the total labor force.

"3. Net nonagricultural labor requirements for 2 and 4 months hence indicate declining employment levels or no significant increase in labor requirements.

"4. The current or anticipated labor surplus is not due primarily to seasonal or temporary factors."

Special attention was given to depressed areas in Europe in the United Nations Economic Survey of Europe in 1954.⁴ This survey pointed out that in some countries with a relatively high level of income and employment there were nevertheless some regions with substantial unemployment or a low level of income. These included Brittany and Massif Central of France; the Grisons and Valais in Switzerland; Northern Ireland in the United Kingdom; Schleswig-Holstein in Germany; Groningen and Friesland in the Netherlands; and the northern parts of Norway, Finland, and Sweden. In Italy there is a great difference in the level of income and employment between the northern and southern provinces. This problem is, however, on such a scale that it may be considered a problem of economic development rather than a depressed area problem.⁵

Some of the measures taken in Europe against depressed areas may be summarized briefly. In the United Kingdom under the Distribution of Industry Acts of 1945 and 1950, the Government is empowered to gain possession of land and construct factories to be leased for private use and to extend financial assistance to industrial undertakings setting up or already established in so-called "development areas," which, among other things, are areas of high unemployment. The Town and Country Planning Acts of 1947 provide that any firm, before it can build a factory above a certain size, must obtain approval of the Board of Trade.⁶ In practice these laws have been used to promote the growth of development areas, of which there are eight in Great Britain, and to prevent further development of already overexpanded industrial areas. These development areas, in addition to having an initially high degree of unemployment, were selected with the requirement in view that they should be of sufficient size to provide an employment market large and diversified enough to enable the simultaneous development of several complementary industries. Special stress has been laid on avoiding overspecialization in any one industry in these areas. For Northern Ireland, where unemployment is considerably higher than in the rest of the United Kingdom, the Government has granted special subsidies for house

building, and for the fuel and transport costs of agricultural produce.⁷ Grants have also been made available by the Northern Ireland Government to finance part (usually one-fourth) of the cost of privately built factories and the reequipment of existing industries.

Since 1952 there has been in the Netherlands a regional development plan for eight development areas. The general aim of this development plan is similar to that of the development areas scheme in the United Kingdom. Development areas are selected regions where unemployment cannot be easily overcome by migration and where the costs of industrialization of the region are not unreasonable. The Government provides subsidies to local governments in development areas for investment in industrial land. Special stress is placed on the provision of necessary transport facilities, for which subsidies are also provided. The Government, for example, has paid 75 percent of the costs of building or improving certain roads, bridges, and wharfs and two-thirds of the cost of improving a number of canals and harbors. For new industrial establishments setting up in locations designated as "industrial nuclei" the Government provides, subject to certain conditions regarding size and construction costs, subsidies of 25 percent of the building costs provided that (a) at least 10 persons are hired in the new establishment, and (b) 1 unemployed worker is hired for every 50 square meters of floor space.

With respect to the Scandinavian countries reference has already been made to measures to aid the wood pulp industry in northern Finland. In Norway an 8-year plan for the northern part of the country was adopted in 1952. A development fund of 225 million kroner was set up, from which loans are granted or guaranteed under very favorable terms for the modernization and expansion of industry. Of special importance to the economic development of northern Norway is the expansion program of the Mo I Rana iron works.⁸ The steel mill in Luleå in northern Sweden also contributed to the development of that area. In addition to the direct operations of the development plan, northern Norway has benefited from special tax privileges. As in the United Kingdom and the Netherlands, building licenses are used to influence the location of industry.⁹

In France the Commissariat du Plan has listed six regions that may be considered depressed areas. In the Durance region in the French Alps a combined power and irrigation scheme entailing heavy expenditure has been set up by a special regional committee.¹⁰ A development plan is also being worked out by a regional committee for the Bas-Rhone-Languedoc area. In other parts of France less has been done to combat local unemployment and underemployment. The Government has, however, certain powers that enable it to act to overcome unemployment in depressed areas. For example, it may draw on the national land development fund in order to acquire land on which new industries may be established. By the decree of September 14, 1954, subsidies from this fund are provided for the establishment of new factories in depressed areas and to encourage the moving (or extension) to depressed areas of firms or plants that are now located in areas where industry is overconcentrated. In depressed areas new plants or

extensions to existing plants are exempt from certain local taxes and from part of the taxes on property transfers. In order to encourage the expansion of industry in depressed areas rather than in the very heavily industrialized Paris area, a decree of January 6, 1955, provided that the building or extension of industrial firms above a certain size must be approved by the Ministry of Housing and Reconstruction.

In the Federal Republic of Germany during the years following the Second World War unemployment was aggravated by a very large influx of refugees. In recent years the situation has much improved but unemployment is still substantial in Schleswig-Holstein and the eastern parts of the Federal Republic. The West German Act of March 10, 1952, provided for the establishment of a tripartite Federal Institution for Placement and Unemployment Insurance.¹¹ At first the institution appears to have been intended to deal only with the administration of the unemployment insurance program and the improvement of the organization of the employment market. On August 4, 1953, however, the law was amended to provide that the powers of the institution might be broadened to include the extending of loans and subsidies. These funds are to be used for the development of regions of the country—mainly those with large numbers of refugees—where unemployment remains substantial. Financial assistance from the institution is required to be matched by at least equal contributions from the state governments involved.¹² Under this program aid has been extended to the Länder of Schleswig-Holstein, Bavaria, Hesse and Lower Saxony. The Federal Government also gives priority to depressed areas in the placing of public contracts. Another source of aid to areas in the Federal Republic with substantial unemployment is a special tax on property not damaged by war, the proceeds of which are used to aid those who have suffered war losses. Loans have been made in this way to firms that undertake to engage a certain number of unemployed workers, and by April 1955 a total of 280 million deutsche marks had been advanced to employers who agreed to provide about 82,000 new jobs.

In Ireland a special Government corporation known as An Fóras Tionscal was set up in January 1952. The Minister for Industry and Commerce with the approval of the Ministry of Finance may make grants not exceeding 2 million Irish pounds to the corporation. The corporation may make land available and provide half the cost of machinery and equipment for new enterprises in depressed areas. It may also recommend that the Minister of Industry and Commerce fix special rates for these enterprises on electricity and other public services. As in the United Kingdom, the Government of Ireland has used its licensing powers to encourage the establishment of new industries in depressed areas.

EXHIBIT 2

DEPRESSED AREAS IN WESTERN EUROPE—IL MEZZOGIORNO (SOUTHERN ITALY)

(By Vladimir N. Pregelj, Economics Division, Library of Congress, March 11, 1959)

SETTING OF THE PROBLEM

The unification which, in 1860, joined into a single Italian state the several kingdoms and principalities of the Apennine Peninsula, also gave the economy of this new state a headache which has plagued it ever since—the economically underdeveloped and

³ U.S. Federal Register (Washington), Document 55-5419, July 6, 1955.

⁴ Geneva, 1955, Ch. 6. See also Economic Survey of Europe in 1955, op. cit., pp. 148-150.

⁵ There may be an overall shortage of capital rather than a problem of reallocating the existing supply of capital.

⁶ These acts are based to a great extent on the reports of the Barlow Commission and the Routhatt Committee. For a summary of these reports see Sir William Beveridge: "Full Employment in a Free Society" (London, George Allen and Unwin, 1944), pp. 166-170.

⁷ "Economic Survey of Europe in 1954," op. cit., p. 162.

⁸ See Iron and Coal Trades Review (London), Oct. 28, 1955, pp. 1007-1010.

⁹ Economic Survey of Europe in 1954, op. cit., p. 163.

¹⁰ Ibid., pp. 163-164.

¹¹ See I.L.O. Legislative Series, 1952 (Ger. F.R. 3).

¹² Bundesgesetzblatt, pt. I, Aug. 5, 1953, No. 43, p. 719.

chronically depressed Mezzogiorno (the south). The Mezzogiorno comprises the regions of Abruzzi and Molise, Campania, Puglia, Basilicata, Calabria, and the Provinces of Frosinone and Latina in the Lazio, as well as the islands of Sicily, Sardinia, and Elba, and covers, on the mainland, the area south of a line crossing the peninsula slightly above its narrowest part.

Through the centuries, the Mezzogiorno has been almost exclusively—and essentially still is—an agricultural economy. Its depressed condition is primarily due to physical causes, but was intensified by politico-economic factors. The predominance of mountainous terrain restricts the available arable land to 14 percent of the land areas as a whole, and to almost negligible proportions in some regions (Calabria). The growing demand for food has pushed cultivation to marginal lands, often denuded of their original forest vegetation. This deforestation has, in turn, had serious consequences for the already precarious condition of water resources.

The mountains of the south follow irregular courses and are very rugged, thus making construction of surface transportation routes difficult and expensive as well as giving a torrential character to the water streams of the region. The latter, coupled with concentration of precipitation during relatively short periods of the year, intensifies the erosion of high-lying lands and facilitates the depositing of detritus and mud by torrential waters in the plains.

Another natural factor, which makes agriculture in the south the more difficult, is the general lack of permanent surface streams aggravated by scarcity of precipitation and its seasonal concentration in the autumn and winter with its consequent erosive force. Lack of water is accentuated by the high summer temperatures, both resulting in extreme droughts limiting the growth of vegetation to early and late spring and late autumn. Thus intensive cultivation of pastures is impossible, and consequently, the number of livestock, sorely needed in an agricultural economy so lacking in mechanized equipment as that of the Mezzogiorno, is far from sufficient. The exigencies of extensive agriculture have also been one of the important factors in the establishment, years ago, of the feudal-like system of large, mostly absentee-owned "latifondi," which has in part persisted to this day, and substantially contributed to the exploitative nature of southern Italian agriculture.

Historically and politically the south has been, for many centuries, part of non-Italian states ruled by the Angevins, who decisively curtailed its financial autonomy, and by the Spanish Bourbons who treated Naples and Sicily more like colonies to be exploited than like Provinces to be governed with enlightenment. Foreign rule has also brought with it feudalism which left its mark in the form of the "latifondi." Although the Bourbon state had a fairly well balanced budget and a relatively low public debt, this equilibrium was one of poverty and scarcity.

The unification made the situation even worse, at least in a relative sense. The introduction of the Piedmontese system of personal taxation instead of that of real taxation in effect under the Kingdom of Naples placed on the south a burden disproportionately heavy in comparison with the wealth of the region, and the assumption by the new state of the public debts of the former principalities weighed much more upon the south, since, for example, the public debt of Piedmont, a region much smaller in area and population than the south, was almost $2\frac{1}{2}$ times that of the former Bourbon Kingdom.

In contrast, the per capita ratios of national revenues to expenditures which in some regions of the north were about 1 to 1, reached in the south 2 to 1 or even less favorable proportions, representing thus a constant drain on the wealth of the already depressed south.

Despite the fact that the economic misery of the south revealed itself in its earliest contacts with the other regions of the new state, long years had passed before any attempts were made to remedy the situation. In most cases, they did not go beyond the study stage; in some instances, where tangible results were achieved, these were too localized to have any significance for the general economic development of the south. Thus, despite some natural, though slow, progress the south found itself after World War II in essentially the same depressed condition which had plagued it through the centuries: Low-yield agriculture, lack of industry, inadequate transportation, widespread unemployment and underemployment and, in general, a very low living standard. As a result, over one-third of the natural growth of population migrated to other countries.

World War II brought greater disaster to the south than to the north and widened the spread between the economy of the south and that of the north.

GOVERNMENT MEASURES

During the first few years following World War II the Italian Government was primarily concerned with the reconstruction of the war-torn economy as a whole and did not take any steps designed specifically for the development of its southern sector, although this sector had—in addition to its generally depressed condition—also suffered most by the ravages of war. The Government did, however, within the framework of its existing policies, create industrial credit sections at the banks of Naples, Sicily, and Sardinia to act as the main financing agents for the revitalization of the economies of the southern mainland, Sicily, and Sardinia, respectively.

The earliest legislative measure limited the economic development of the Mezzogiorno was the legislative decree 1598 of December 14, 1947, which was designed to stimulate the growth of southern industrial capacity by means of various fiscal incentives, transportation subsidies, and financing facilitations granted for establishment of new industrial plants, and for reconstruction, reactivation, or expansion of old ones. A few minor supplemental measures were enacted during the following few years.

By 1950, the measures put into effect by the legislation for the industrialization of the south were quite numerous, although for the most part characterized by a rather passive nature of governmental intervention. In the fiscal field they comprised exemption from payment of customs duties and license fees on imports of construction materials, and of machinery and equipment required for construction and operation of industrial plants; 50-percent reduction of general sales tax on such materials and equipment; exemption from payment of income tax on earnings derived from new industrial investment; and reduction of fees for transfer and registration of title to real estate necessary for industrialization to a fixed rate of 200 lire.

In the field of transportation, the subsidies consisted of 10 to 50 percent reductions of low-speed freight charges on state railways for construction materials and machinery needed for industrialization of the south; and of 20-percent reduction of freight charges for such cargo on subsidized maritime lines servicing the island of Sardinia.

In the field of financing, industrialization credits totaling 10 billion lire were made available through the industrial credit sections of the banks of Naples, Sicily, and Sardinia, and guaranteed in full by the state treasury. These credits could not be used for reconstruction of industry damaged by the war, and borrowers had to provide at least one-third of the needed capital from their own resources. The interest rate on these loans was set at 3.5 percent above the official discount rate. However, the treasury was authorized to assume part of the interest charge up to a point where the burden on the borrower could be as low as .5 percent below the discount rate.

In addition, some sundry measures were enacted providing for exemption of southern industrialization projects from any other regulations applicable to new industrial plants; and giving such projects the power of expropriation over real estate needed for industrialization.

In 1950, first major advance was made in the active participation of the Government in the economic development of the Mezzogiorno. Law 646 of August 10, 1950, created the Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (fund for extraordinary works of public interest in southern Italy), or with its shorter title Cassa per il Mezzogiorno (fund for the south), a Government agency given the task of carrying out a large-scale plan of public works designed to create such environmental conditions as are indispensable for the formation and effective operation of new agricultural and industrial activities. This task has often been given the name of "preindustrialization."

Specifically, it involves such projects as regulation of river basins and courses, land improvement, irrigation, agrarian changes, including those falling under the land reform programs, construction of non-State ordinary roads, aqueducts and sewerage systems, establishing of plants for processing and marketing of agricultural products, and promotion of tourism. In fulfilling its task, the fund may delegate the execution of individual projects to appropriate governmental or local agencies, or—in specified fields—create subsidiaries for this purpose.

The financial means of the fund are derived primarily from annual endowments consisting principally of Treasury appropriations, but also of various earmarked revenues. Annual endowments, originally set at 100 billion lire, have been gradually increased to 180 billion lire, and aggregate endowment for the duration of the program rose from 1,000 billion lire for the originally planned 10-year term to 2,040 billion lire for the 15-year term based on a later extension of the program until June 30, 1965. The fund is also authorized to acquire additional funds necessary for the execution of its projects by issuing obligations or borrowing at home and abroad.

The fund is administered by a board of directors, and its activities are planned in general lines and supervised by the committee of ministers for the south, created by the organic law of the fund. This committee is responsible to the Parliament for the functioning of the fund and has been given considerable discretionary authority in regard to its operations.

In 1957, after the first phase of the industrialization program—the preindustrialization—launched by the fund law had been, with more or less success, in operation for 7 years, the necessity of giving further impetus to the work of developing the economy of the south led the Government to prepare a program of more extensive public industrialization measures. This program was enacted as law 634 of July 29, 1957, designated as the "provisions for the south." This law

is not an organic law, but primarily amends, extends, and above all supplements in great detail the existing legislation, especially the fund law of 1950. In addition to extending the life of the fund through June 1965 and increasing the annual endowment payments, it authorizes a number of public grants, credits, and incentives of particular benefit to the industrial sector of the southern economy. It also extends the coverage of provisions contained in some earlier legislation, particularly to associations and consortia established for the preindustrialization and industrialization purposes, and contains provisions especially favoring development of small industry and handicrafts.

In the field of fiscal measures the new fund law provides for extension of all fiscal reductions and exemptions favoring the fund to all agencies acting on its behalf; for exemption of all materials used in the execution of the fund's programs from payment of the consumption tax (*imposta di consumo*); for partial or total exemption from industry and other taxes, including consumption taxes, of firms establishing or improving their plants in communes of less than 75,000 population; for limited exemption from income tax (*class b imposta di ricchezza mobile*) of profits reinvested in agricultural or industrial improvements; for the extension of the reduced 200 lire registry and mortgage fees to cover also instruments of incorporation of industrial companies and mortgages contracted in connection with transfer of real estate for the purpose of industrialization as well as industrialization capital increases, relative bond issues, and instruments connected therewith, reorganization of companies and normalization of irregular firms.

The new law contains a large number of provisions facilitating the financing of preindustrialization and mostly industrialization projects. Thus, up to 40 percent of expenditures for the purchase and improvement of boats and fishing gear, for the establishment of oyster and mussel beds, and for the processing, refrigeration and transportation of fish and fish products, may be covered by the fund. The fund is authorized to pay in full for the construction of water and sewerage systems in small communes of under 10,000 population, or to assume part of such costs for larger communes. In addition, the *Cassa depositi e prestiti* (Postal Savings System) is obliged to grant credits necessary for the financing of these public works projects whenever they are carried out by the fund. The fund is further authorized to make grants for the construction of electric powerplants and distribution systems in land improvement areas, and may also undertake the restoration of tourist sites of particular historic, artistic, or archeological interest.

In small communes of under 75,000 population, lacking industrial facilities, the fund is authorized to make direct grants covering up to 20 percent of cost of establishment of small and medium industry, including construction of buildings, installation of machinery, and connections to existing roads, railroads, and water and power systems. Furthermore, up to 30 percent of expenditures for transformation, modernization and mechanization of small industries may be covered by contributions granted by the fund.

The law also provides for the covering by grants of up to one-half of expenditures incurred by local consortia, the organization of which for the purpose of creating industrial zones is also authorized by the new fund law, in carrying out their preindustrialization and industrialization projects. Such consortia are also given access to credits granted by the various semipublic insurance and credit institutions. In addition the *Cassa depositi e prestiti* is authorized to grant

to southern communes loans for the purchase of real estate for purposes of industrialization or employment increase.

In order to make it possible for the southern regional medium-term credit institutions, created by an earlier law, to expand their operations, the new fund law authorizes the fund to grant to these institutions subsidies to alleviate the cost of their bond issues which exceeds the interest charges on their loans. The law also authorizes the industrial credit sections of the Banks of Naples and Sicily to utilize the repayment on their earlier loans for granting certain additional credits. Such credits may be used to supplement loans granted earlier by these section, as medium-term development financing, not to exceed 50 million lire, of small and medium industries, and to enable medium and small industries to acquire stocks of raw materials and finished products.

In addition to making direct grants, expanding the availability of industrial credit, and extending fiscal exemptions, the new fund law includes some provisions for the direct public investment in the south. It stipulates that for the duration of the fund law the expenditures of the individual ministries for public works in the south must be in proportion with the population strength of the south. In addition, the agencies under the supervision of the Minister of Government Holdings (*Ministro per le partecipazioni statali*) are required to allocate to the south at least 60 percent of investment intended for the creation of new plants and at least 40 percent of their total investment.

Some general measures tending to regulate the economic progress of the south conclude the series of provisions for the south. Great emphasis is placed in the role of industrialization consortia, and many of the provisions applicable to the fund itself have been extended to apply to these associations, including the power of expropriation. For better efficiency, the development programs for the south of the fund and of the various Ministries are coordinated through the Committee of Ministers for the South; those applicable to the islands of Sicily and Sardinia must, in addition, be drawn up in agreement with the administrations of these islands. A final provision, a rider attached because of the pressure exerted by organized labor, requires all beneficiaries of provisions of the new fund law to grant their employees conditions not less favorable than those stipulated in collective bargaining agreements for identical types of work in the same area.

MEASURES TAKEN BY PRIVATE BUSINESS

Although the task of developing the economy of the Mezzogiorno is of such proportions that it cannot be solved without the direct and vigorous intervention of the Government, the private sector of the economy has not stood by idly expecting the solution of the problem to come solely through public action. As a matter of fact, it was the private business that undertook the first major program—even before any direct Government measures were taken on behalf of the south—designed to foster the economic development of the area.

On December 2, 1946, a group of 45 Italian enterprises established the *Associazione per lo sviluppo dell'industria nel Mezzogiorno-Svimez* (Association for the Industrial Development of the South). The purpose of the association is to promote and conduct specialized studies of the economic conditions in the south and thereby provide the background for concrete programs and projects designed to create and develop industrial activities which would, in view of ascertained needs, provide the best remedy for the economic ills of the Mezzogiorno.

The membership in the association is open to all domestic and foreign firms and individuals interested in the economic development of the south. Each member contributes an annual quota varying according to its business capital. Originally, the quotas ranged from 250,000 lire for members with capital under 50 million lire to 3 million lire for those with over 1 billion lire of capital. In order to make the membership in the association possible for smaller firms and thereby increase the overall revenue, the annual quotas were successively reduced, and, since 1953, have ranged from 100,000 lire for individuals and firms with capital under 100 million lire to 1 million lire for those with capital over 5 billion. In addition to this regular membership, supporting membership with annual contributions of 3 million lire was established.

By the end of 1955 the membership of the Svimez had increased from 45 to 99 members, representing every sector of the national economy, and its revenue from annual contributions from 48,250,000 lire to 88,800,000 lire. Almost one-half of these funds was contributed by enterprises with national scope, slightly over one-fourth by those operating primarily in the north, and slightly under one-fourth by firms active predominantly in the south.

The association is strictly a research organization and is enjoined by its constitution from engaging in industrial or commercial activities. Its research and studies, the results of which have been widely drawn upon also by the public agencies, especially the fund for the south, follow two main directions. One is concerned with the general economic, and especially industrial, development of the south as a whole, the other with activation or reactivation of those individual economic sectors which appear to be best suited for the economy of the Mezzogiorno. While the studies of the former type take into account and, indeed, count upon outside aid, the studies of and expansion plans of the latter type are based primarily on locally available resources.

In practical terms, regional studies comprise essentially preindustrialization projects, such as organic planning of public works (railroads, highways, transportation and communication lines, power and fuel distribution systems, water supply and sewerage systems, reclamation, regulation of streams, irrigation, reforestation, and many others), vocational training, enhancement of the position of the southern entrepreneur in relation to his northern counterpart through public subsidies, and similar. These studies involve not only the economic and social justification of the projects, but also the expenditures involved, the problems of investment and financing and their possible solutions.

The studies of economic sectors have been concentrated primarily in the field of agriculture, the traditional source of southern livelihood; they have, however, included also other sectors such as mining, manufacturing, commerce and tourism. Specifically, detailed analyses have been made of wine industry, production of olive and essential oils, fruit and vegetable growing and canning, and production of cork, wood, cellulose, and raw silk. The association also conducted extensive studies in regard to handicrafts and small industry as well as mineral prospecting and manufacturing of machinery.

In these studies the association utilized its own field research facilities as well as locally and nationally available sources of information, such as census data, chambers of commerce, associations of industrial firms, agencies of provincial administrations, and similar. The wealth and variety of collected information has prompted the association to publish not only voluminous reports on its

industrialization studies, but also works about the south containing statistical and general information, such as statistical yearbooks and selected industrial statistics, and several editions of commentaries on legislative provisions in favor of the south. Monographic or annually published material is being kept up to date by weekly bulletins with monthly supplements dealing with problems of underdevelopment.

In addition to industrialization studies, the association has investigated other economic aspects of the south, such as regional and family incomes, required level of investment and its multiplier effect, and socioeconomic factors and effects of the industrialization program.

The association also acts as a clearing house for information on the south, runs a technical counseling and general information service, and participates in regional, national, and international conferences on the development of underdeveloped areas.

Although the Svimez is prohibited from engaging directly in industrial and commercial activities, it may organize and own stock in subsidiary corporations established for the promotion of industrial, technical, or experimental activities. Such a subsidiary, the Società per l'industrializzazione delle regioni meridionali—Sudindustria (Society for the Industrialization of Southern Regions), was established on July 22, 1947, with capital stock of 10 million lire, over half of which is owned by the parent organization. The field of activities of Sudindustria includes establishing experiment centers and industrial plants, preparing plant projects and submitting them to private enterprises for eventual materialization, fostering international agreements for the development of technical and commercial activities of the southern industry, assisting third parties engaged in activities falling within the scope of the society; in short, approaching the task of industrialization from the standpoint of action rather than study. After the launching of the governmental program for the industrialization of the south through the fund for the south, which coincided with and greatly expanded that of the Sudindustria, the society was liquidated in 1953.

During the years of its operation, the Sudindustria was instrumental primarily in setting up a network of fruit and vegetable growing and processing stations, in modernizing the olive oil industry, in establishing the mining company of Calabria for the purpose of mineral prospecting and exploitation, and in organizing the Southern Fishing Co., a fishermen's consortium.

Another subsidiary organized by the Svimez is the Unione Aziende Meccaniche Meridionali—UNAM (Union of Southern Machinery Enterprises). The purpose of this consortium is to increase production and sales of its members' through technical and commercial measures designed to widen the markets, to strengthen technical cadres of the industry, and coordinate the activities within the industry.

Sources: Associazione per lo sviluppo dell'industria nel Mezzogiorno: Agevolazioni per l'industrializzazione e lo sviluppo economico del Mezzogiorno. 2d ed., Rome, 1950; Aggiornamenti al 1° Luglio 1952, 3d edition, Rome, 1952.

Associazione per lo sviluppo dell'industria nel Mezzogiorno: Relazione del consiglio di amministrazione al bilancio, 1947-55, Rome, 1948-56.

Banco di Napoli: Sezione Credito Industriale. Raccolta dei provvedimenti di legge e delle disposizioni ministeriali concernenti la ricostruzione industriale, la media e piccola industria e l'industrializzazione del Mezzogiorno. Naples, 1949.

Cassa per il Mezzogiorno: Bilancio, 1950-51 to 1956-57.

Cassa per il Mezzogiorno: La Cassa per il Mezzogiorno; primo quinquennio: 1950-55, Rome, 1955.

Italy: Laws, statutes, etc., Gazzetta ufficiale della Repubblica Italiana, part 1, vol. 91, No. 200 (Sept. 1, 1950), pp. 2490-2494; vol. 98, No. 193 (Aug. 3, 1957), pp. 2912-2919.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. I regret that I was not in the Chamber to hear the Senator's comments on the section of the bill which relates to rural development areas, as I believe they are called.

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. Does this section of the bill tie in with the current program of the Department of Agriculture, which is known as the rural development program?

Mr. DOUGLAS. It does, but it makes a big improvement in that program, because the present program of the Department of Agriculture is based on the theory that there shall be no outside aid given to hard-pressed localities; that they must sink or swim themselves.

As the Senator from Minnesota well knows, the National Planning Association has said the Department of Agriculture program is grossly inadequate on this very point. Our bill aims to provide outside capital and outside technical assistance to help the hard-pressed areas to keep going and to help them provide for farm employment.

Mr. HUMPHREY. The situation with respect to rural development has been discussed in the Committee on Agriculture and Forestry, of which I am a member, and I have had considerable interest in it. As the Senator from Illinois knows, this program has been limited primarily, under the present administration, to a few pilot plants or pilot projects in selected counties. Actually, it has been, at best, a sort of "noble experiment" in the coordination of existing facilities.

Mr. DOUGLAS. I would say it is really a timid experiment.

Mr. HUMPHREY. Yes, it is. I used the words "noble experiment" in quotation marks. Certainly, the words "timid experiment" are better.

However, the program under this bill will tie in with the limited efforts which are being undertaken.

Mr. DOUGLAS. The bill will provide a revolving loan fund of \$100 million with which to start new industries in underdeveloped rural areas.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield further to me?

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). Does the Senator from Illinois yield to the Senator from Minnesota?

Mr. DOUGLAS. I am glad to yield.

Mr. HUMPHREY. I am wondering whether the Senator from Illinois noticed, in last evening's Washington Star, an article entitled "Warning—Get Your Loan Now." The article was written by Miss Sylvia Porter.

Mr. DOUGLAS. No; I regret that I did not notice it.

Mr. HUMPHREY. I hold the article in my hand. In the article, Miss Porter states that the cost of borrowing money has once again risen, and no easing of credit is expected. She also makes some very interesting comments on the inflation in the money market, as a result of the administration's monetary policy. For example, the yields of Government bonds have risen, since 1952, by 44 percent; and the yields of top-grade corporate bonds have increased by 40 percent; and the yields of prime commercial paper, for 4 to 6 months, have increased by 43 percent; and the yields of 91-day Government bills have increased by 55 percent.

The general theme of Miss Porter's article is that in the case of a "fair-sized loan extending over a period of years, a rise of even a small fraction of a percent can run into real cash."

I read further from her article:

On June 30, 1958, on August 21, and again on January 6, 1959, I reported that the cost of borrowing money was on the rise. And this has been the trend through all these months.

In the article, Miss Porter points out that a high borrowing charge is "in the cards" for the remainder of this year. She also writes that:

If you're going to need a loan in the near future—to buy or improve your house, to expand or modernize your business, to finance a variety of personal activities—get that loan now.

Let me ask this question: With these rising interest costs, is it not true that in the case of the areas which are suffering from chronic unemployment or underemployment or in which industries have suffered because of trade practices or technological changes or advances, the rising interest rates, with no easing of credit, literally make it very difficult, if not impossible, for labor in those areas to be employed adequately?

Mr. DOUGLAS. That is correct; and also in those areas the interest rate is higher than in the rest of the country.

Mr. HUMPHREY. So there is a double effect.

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. On the one hand, there is restriction of credit, because of the high interest rates. On the other hand, because in these areas risk is involved, chronic unemployment exists, and there are difficult economic problems, the private lending agencies expect to receive much higher interest rates on greatly reduced terms—all of which, in turn, makes it literally impossible for investments to be made and for job opportunities to be created.

Mr. DOUGLAS. Yes, Mr. President; the Senator from Minnesota, with his usual prescience, goes directly to the heart of the matter.

Our aim is to provide revolving loan funds, so as to enable the loans to be made at cost to the Government, plus a loading charge for administration and for risk, so that more credit will be available on terms which will enable new industry to start and to go forward.

Mr. HUMPHREY. Let me add that although it is possibly true that such a

program as this one will result in some cost to the taxpayers, on the other hand the loss in property values, inventory values, and commercial values in the so-called depressed areas will be far in excess of any cost of such a rehabilitation or redevelopment program in these areas.

Mr. DOUGLAS. Furthermore, we believe that by giving this assistance to the people of these areas, we shall reduce relief costs, unemployment compensation costs, and crime costs; and we shall really put economic health into the communities, raise the tax revenues of the communities, and permit the communities to move forward.

Mr. HUMPHREY. As the Senator from Illinois knows, one of the areas listed in the committee report as being among the areas of substantial labor surplus is the Duluth-Superior area, in Minnesota.

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. Presently, considerably more than 14 percent of the total work force in that area is unemployed. In fact, I think the figure for the month of February is somewhat greater, according to the Minnesota Division of Employment and Security.

If one wishes to see what happens to property values and to municipal costs, which in turn have to be met by those who can pay taxes, one needs only visit one of these areas.

I have served in local government, as has the Senator from Illinois; and we know that the minute there is chronic unemployment in an area, the value of the real estate in the area falls sharply, and the value of tools and equipment falls sharply; and the whole area is depressed, not only economically, but also psychologically.

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. And the cost of such depression is really very, very great—far beyond what rehabilitation generally costs.

So I am very happy to be associated with the Senator from Illinois [Mr. DOUGLAS], the Senator from Kentucky [Mr. COOPER], and all other Senators who have joined in sponsoring this bill, because it represents very thoughtful planning for economic rehabilitation. The bill does not call for a WPA, a PWA, or a giveaway. The program under the bill amounts to a supplementation of the private sources of credit and coordination of the technical facilities of government and of private agencies; and the bill offers a ray of hope to industrious people and to communities and to individuals who are willing to take a little extra risk in order to rehabilitate their areas.

On that basis, I associate myself with the Senator from Illinois.

It would be interesting to hear what the opposition has to say. I gather that, following reasonably short sorties, based on both verbal response and the response of conscience, the opposition will fade away.

I should like to ask unanimous consent to have printed at this point in the RECORD the article by Miss Sylvia Porter,

if that will meet with the pleasure of the Senator from Illinois.

Mr. DOUGLAS. Certainly.

The PRESIDING OFFICER. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Star, Mar. 19, 1959]

WARNING—GET YOUR LOAN NOW

(By Sylvia Porter)

If you're going to need a loan in the near future—to buy or improve your house, to expand or modernize your business, to finance a variety of personal activities—get that loan now.

Arrange for the details as soon as feasible for you. Do your shopping without delay for the most favorable terms to you among the various financial institutions.

For the cost of borrowing money is rising again on a broad front and borrowers, from the biggest and most established to the small and new, are going to feel the change. But the pressures of demand for money are still not so strong that they bar concessions to a credit-worthy and alert applicant.

The pressures could become quite formidable, though, as the year goes on. Then, there'll be no doubt that you'll be required to pay a higher rate to get money. On a fair-sized loan extending over a period of years a rise of even a small fraction of a percent can run into real cash.

On June 30, on August 21, 1958, and again on January 6, 1959, I reported that the cost of borrowing money was on the rise. And this has been the trend through all these months.

CREDIT TIGHTENING

Now once more, a move toward tighter credit is clearly underway. While against the interest rate level of last June loan costs are comparatively expensive today, they're likely to become more so.

What is happening is this:

A new burst of inflation remains the key fear of the Federal Reserve System. To combat the psychology and the inflationary forces, it is therefore using the one great anti-inflation weapon it has—its control over credit. By a series of maneuvers in the money markets it has been cutting the availability of money in the banking system. It also has just raised the discount rate and has thus given the signal to banks to raise their rates on loans to us. The theory is that as credit tightens and loans become more costly, inflation-breeding borrowing and spending programs will be postponed and pressures on prices will be curtailed.

MONEY DEMAND RISING

Simultaneously, the demand for money is slated to rise—from the Treasury, States, cities, businessmen, individual consumers. There are new indications that corporations will be increasing their spending on plant expansion later this year and if so, they'll be increasing their demands for credit. If buying of the new compact cars is heavy this fall, the demand for installment loans certainly will rise.

In short, the supply of credit in the banking system is being restricted; the demand for loans is heading upward; the Federal Reserve System is encouraging caution among lenders. It's a traditional combination for higher borrowing costs.

A higher borrowing charge is obvious when a lender simply asks you to pay an interest rate above what you would have had to pay on a loan a year ago. It is not so obvious when the lender offers the loan at no higher rate but asks you to keep some of the loan on deposit or takes out the interest due in advance. Either way, though, the cost is up.

For the fourth time since June 1958, I repeat—arrange now for that loan you know you'll need or want soon.

Mr. DOUGLAS. Mr. President, I wish to thank the Senator from Minnesota for his comments.

I, too, have waited for the opposition to come into the Chamber and offer its objections to the bill. But, aside from one shot which was fired here, the opposition has been silent. I shall await with keen expectation the presentation of the views of the opposition. I hope I may have a chance today to answer the opponents face to face, and not merely have to deal with their arguments when they are away.

Mr. President, I yield the floor.

Mr. COOPER. Mr. President, I speak in support of Senate bill 722, the area redevelopment bill, reported by the Senate Committee on Banking and Currency. The bill will provide assistance and will give hope and encouragement to the thousands of people living in the areas of our Nation which are suffering from chronic unemployment and underemployment. In 1958, I supported the area redevelopment bill sponsored by Senators DOUGLAS and PAYNE; and I am glad to be a cosponsor of Senate bill 722.

At the beginning of my remarks I must pay tribute to the distinguished senior Senator from Illinois [Mr. DOUGLAS] whose untiring efforts have been largely responsible for the proposed legislation we are discussing today. His name is identified in the public mind with the concept of assisting the people of the country's depressed areas in their efforts to achieve economic recovery and stability. He has done superb work, and he deserves our gratitude for his perseverance and his humane spirit.

I am proud to be associated with him in this endeavor. I pay tribute also to many others in this body, members of both parties, who have labored in this cause.

The committee report presents clearly the objectives of the bill, and its provisions.

Other speakers have explained its details, notably the Senator from West Virginia [Mr. BYRD] in an outstanding speech made yesterday, and just now we have heard the Senator from Illinois [Mr. DOUGLAS], who is the moving spirit behind this bill, give compelling arguments for its passage by the Senate.

Little can be added to these statements, but I have selected some points for discussion which hold significance to me.

It may appear unusual that as a member of the minority party, I am cosponsoring and supporting the committee bill, S. 722, rather than S. 1064, proposed by the administration. In my remarks I intend to develop the reasons which lead me to believe that S. 722 will meet more realistically and adequately the problems of the Nation's depressed areas.

To those who may oppose S. 722 and cry out against its expenditures, I will say that the need for a national legislative program of assistance to economically depressed areas has been recognized and admitted by the Congress and

the President of the United States. In 1958 the Congress passed the Douglas-Payne bill, which was similar to S. 722, but which was later vetoed by the President.

The President of the United States on several occasions in the past few years has stated his agreement that Federal assistance is required. In his "Economic Report" to the Congress, submitted on January 20, 1959 the President stated:

Despite the forward economic strides of the Nation since the war, some communities have suffered substantial and persistent unemployment, when measured against national experience. Federal assistance to these communities is required not only to mitigate the hardships of individuals and families but also to provide for the use of underutilized resources, to the enhancement of the national welfare.

The issue before the Senate, therefore, is not whether there is need for a program of Federal assistance to these areas. It is whether the program we enact will work, whether it will actually provide assistance to hundreds of needy industrial communities and needy rural areas throughout the Nation.

I digress for a moment to say that the minority views on the bill did not even mention the principle that the President of the United States has stated, which is that there is a need for Federal assistance if this problem is to be met.

I support S. 722, rather than S. 1064, because I believe it will more likely give assistance to these depressed areas than will the administration bill. I support S. 722 because I want my vote to help our needy fellow countrymen.

The first reason for my support of S. 722 is that the \$379½ million it would authorize for loans, grants, and technical assistance is a reasonable amount, even the minimum amount required to stimulate new economic activity in depressed areas.

The Department of Labor has declared that 76 major and 183 minor labor surplus areas existed on January 1, 1959. All of these would not qualify for assistance under S. 722 as areas of persistent underemployment, but these figures show the gravity of the problem with which we deal. Again, the Department of Agriculture has submitted a list of 500 counties in the United States with the lowest level of living standards for farm families, and of the 500 counties with the highest proportion of farms whose gross sales do not exceed \$2,500 annually. Three hundred and thirty-six counties appear on both lists. It has been determined also that persistent, continued unemployment and underemployment is the rule in these areas. The level of unemployment in these areas is twice the average in other parts of the country.

These facts—documented and supported by the Departments of our Government, the Department of Labor, the Department of Agriculture, and I assume we have information from the Department of Commerce—lead me to believe that \$379½ million, chiefly loans, is not an exorbitant undertaking by the U.S. Government to help these areas to help themselves.

Conversely, it is apparent to me that the \$53 million authorized by the administration bill is wholly inadequate.

I give the second reason for my support of S. 722 in preference to S. 1064: In my judgment it is necessary, as provided in the Douglas bill to permit Federal participation to a maximum of 65 percent in loans for local economic undertakings. The limit of 35 percent imposed by S. 1064 would, in my judgment, make the bill ineffective.

I agree wholeheartedly with the principle that no Federal program is likely to be successful if it does not have the support and the active participation of the local community. But I do not believe it can work, or that it will even get off the ground, if Federal participation is limited to 35 percent, and 65 percent participation is required of local communities. I say this because I know there are many communities in my State, Kentucky, and I am sure in other States, that simply do not have the local capital, public or private, to supply 65 percent of the necessary funds. The very deterioration of these communities has diminished local private capital, and local tax revenues which might otherwise be available. Furthermore, conditions in these areas have become so unattractive that risk capital from outside sources is unavailable. It follows that no new industries are likely to come to these depressed areas, and no new economic activities will be undertaken, if Federal participation in loans is limited to 35 percent.

It is unreasonable to expect a community whose tax revenues are steadily diminishing because of unemployment, whose people are out of work, whose businesses are suffering, to provide such a large proportion of the necessary capital. If the Congress passes this bill—and it will—it must be in a form that will enable the program to go into operation; otherwise, what we do will be a nullity.

A third reason why I support S. 722 is that it authorizes \$75 million in grants to local communities for public facilities necessary for their industrial development. The administration bill has no provision for grants for public facilities. It has been pointed out to the Banking and Currency Committee that many communities seeking industrial development have been severely handicapped by their lack of adequate public facilities, such as water supplies, sewage disposal, and access to roads and railroads.

The arguments I have adduced in support of a maximum 65-percent loan participation by the Federal Government in local efforts are equally applicable to the necessity of including a provision for grants.

If a community is so poor and so beset by continuous unemployment that it is unable to provide any capital for public facilities essential to its development, shall the Congress, by refusing to make grants, deny it any possibility of advancement? Will we help the more fortunate communities and deny aid and hope to those in greatest need? It would be unconscionable to have a program which would leave out of its scope the

neediest of all areas in the United States.

These are reasons which demand that grants be available. The grant provision of S. 722 will give the agency responsible for administering the redevelopment program sufficient authority and means to provide workable and successful programs. I have no doubt that the Administrator and his advisers will establish sound rules and criteria for the administration of such a program of grants for public facilities.

Mr. President, I believe even the legislation we consider today, if enacted, will not meet fully the problems of the areas of persistent unemployment. These regions can be called, appropriately, the underdeveloped areas of the United States. Their needs are for fundamental road systems, adequate water supplies, protection from floods, better housing, and vastly improved educational facilities. Federal-State programs for roads, river, airport, and housing development are now available, but large geographical areas, many of which are the same as the distressed areas with which S. 722 is concerned, are lagging far behind in the Nation's progress.

We should enact longer range comprehensive plans for these underdeveloped areas. Such an approach can be undertaken by joint Federal-State action, or by State compacts. If plans can be developed to define the basic minimum needs of the underdeveloped areas of the United States, perhaps the Congress will see fit to set aside a larger fraction of the total funds it appropriates for highway improvements, river development, airports, and the like, to bring these backward areas toward the level of other parts of our country.

I digress to say that although the Federal-State programs are valuable in dealing with problems of highways, river development, and airports, inevitably the greater portion of the funds is channeled into the more highly developed areas. The areas we are considering today are generally bypassed, and are left behind.

I point out as an example of Federal aid programs the great Interstate Highway System. There are certain criteria to be met, which inevitably lead those great roads into the better developed sections of our country.

Our programs for river development must meet standards such as the well known cost-to-benefit ratios, which presuppose a higher industrial development or higher agricultural development than we find in many of the areas with which the bill presently under consideration would deal.

That is also true with respect to the airport program, and with respect to many other programs.

I therefore point out that the bill which the Senator from Illinois has developed so skillfully and with such perseverance is the only program before the Congress, or which is likely to be before the Congress, which will begin to assist areas of persistent unemployment and underemployment.

What I have been saying about the underdeveloped areas of Kentucky was

clearly presented to the committee during the hearings by Mr. B. F. Reed and Mr. John Whisman, representing the Eastern Kentucky Regional Planning Commission. Their testimony should be read by everyone. It impressed the committee so much that there is embodied in the report a section entitled, "Proposal for Development of Underdeveloped Regions."

Mr. President, I ask unanimous consent to have the section printed in the RECORD.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

During the hearings, the committee received testimony from the Eastern Kentucky Regional Planning Commission favoring the designation of "underdeveloped regions" for assistance as well as depressed areas. It was pointed out that in some instances, basic developmental needs are regional and multistate in character, including such regional facilities as highways, water transportation, flood control, and water supply.

While the committee feels that the principles embodied in the proposed amendments are too broad and far reaching to permit inclusion in the bill, it is also felt that the suggestions deserve careful consideration and study in relation to future treatment of the national economy.

Mr. COOPER. Mr. President, we hear at times criticism to the effect that there should be a greater self-effort in the depressed areas. I should like to point out that in my own State—and I am sure this is true in many other States—the local communities and their citizens are devoting almost their full energies and resources to economic recovery.

The State of Kentucky has a department of economic development, with an industrial development division, concerned with and vigorously attacking these problems.

In eastern Kentucky, a regional commission, composed of some of our State's leading citizens, has been created and is doing an excellent job in charting the needs of the region, and a program of action.

The pending bill would authorize two \$100 million revolving funds: one for industrial projects in industrial redevelopment areas, the other for such projects in rural development areas. It would also provide a revolving fund of \$100 million for loans, for public facilities needed for the location of industry. As I have pointed out, it would authorize appropriations of \$75 million for grants for public facilities, and \$4½ million for technical assistance.

I know the passage of this bill will increase budget expenditures for fiscal year 1960—even though \$300 million of the total authorized are revolving loan funds, a great part of which will eventually be repaid with interest.

I support the President in his objective that we exercise discipline and not make unnecessary expenditures. I do not include in the term "indispensable need" every desire of the Congress, or the people of the Nation. But I know the Congress will not permit the budget to restrict funds for national defense if we deem additional funds are needed.

The funds authorized by S. 722 would not in my opinion place an unbearable burden on our total economy. But I will go even further, Mr. President. Even if the program should place an additional burden on some segment of the national economy and even if it should unbalance our budget, I believe it is justified.

During the last 6 years the country on the whole has enjoyed unusual prosperity. Gross national product, individual income, wages and profits, have risen to new heights. Yet the very nature of our economy, its vitality and expansion, the rapid changes in technology, the shift of industry from one area of our country to another, international trade policies and other factors beyond the control of the people of the depressed areas, have left them behind, unemployed, without money, without proper housing—and thousands are without sufficient food. Perhaps the most disturbing fact of all is that a general resurgence or growth in our national economy will not help these areas quickly, if at all.

I have great faith in our Nation's system of private enterprise, but when it is demonstrated in a time of great prosperity that whole areas of our Nation are excluded even from minimum living standards, there is need to examine the causes and to attack the problem with all the resources of private industry, local resources, State resources, and certainly with the reasonable Federal assistance which this bill would offer.

Our country is rich and its economy will continue to surge ahead. For myself, I do not want to admit that our economy must leave unsolved the problems of the depressed and underdeveloped areas.

A few minutes ago I heard the distinguished Senator from Illinois ask the question, "Are these areas to be left to the operations of our private enterprise system?" It is that system which has made our country rich and great. I know that we never contemplate an equal distribution of wealth in this country. It is not possible. On the other hand, there may come a time when we begin to question the nature of an economy which, in a period of high prosperity, leaves hundreds of thousands of people without money, without jobs, cold, hungry, and in need.

So I believe that this reasonable effort on the part of the Federal Government, participating with local communities and private enterprise in an attempt to redress some of the imbalance, is certainly justified. And I believe the modest expenditure contemplated is also justified.

Mr. President, the continued unemployment, the underdevelopment with which this bill deals, are not restricted to any single State. I am glad that the committee has approached the problem from a national basis. Naturally, however, I am concerned by the situation existing in my own State of Kentucky. It is as desperate in the coal mining areas of Eastern Kentucky, and even in

other sections of my State, as during the depression of the 1930's.

Yesterday, I heard the graphic and moving speech of the Senator from West Virginia [Mr. BYRD] describing conditions in the mining areas of his State. I am familiar with these conditions—with the hunger, the want, the hopelessness of the people, which he so eloquently portrayed.

I live in the eastern section of Kentucky, near the coal mining sections of that part of my State. I have been in those sections again and again, and I know that the conditions which the Senator from West Virginia portrayed are the conditions which exist in my own State.

I make this personal comment from my own experience.

During the years from 1930 to 1937 I served as county judge of Pulaski County in Kentucky. It is my home county and is located in the southeastern section of the State. It was the time of the depression. For 8 years I talked and dealt daily with hundreds of people—heard their pleas—knew their needs—needs which thousands of people, perhaps millions of our countrymen, have never experienced and would hardly understand.

Last fall, and in the months that followed I visited again and again counties in Kentucky, particularly in eastern Kentucky, where the need for work, for housing, for clothing, and for food is as great as during the depression. The State, the county governments, charitable agencies, people from other States, have given them help—but it is not enough.

As the Senator from West Virginia said yesterday, those who live in this part of the country are fine, patriotic people. They are always the first to respond in time of war. I remember that in World War I, Breathitt County, in eastern Kentucky was the only county in the Union from which no soldier was drafted. Everyone was a volunteer; and the tradition continues.

Mr. President, Senate bill 722 offers honorable assistance to the people of Kentucky and other States. Many of us are fortunate. We can work, and at least we do not have to worry about food and clothing.

In closing, all I can say is that the spirit of humanity and common justice demands that our country make the effort which Senate bill 722 would make possible.

We must begin the work of developing the backward areas of our own country, and of lifting the living standards and hopes of the people who live in such areas—for they are our countrymen.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. DOUGLAS. I congratulate the Senator from Kentucky for the very excellent speech he has delivered, and for the magnificent cooperation he has accorded in the drafting of the bill and getting it to the floor of the Senate. The Senator from Kentucky dignifies, makes lucid, and ennobles everything he

touches. He has done the same in connection with the pending measure.

Those of us on this side of the aisle who are interested in the pending bill have sought the cooperation of all men of good will, regardless of party. We are delighted that the Senator from Kentucky has become the second cosponsor of this measure. His name should appear in connection with the bill as high as that of the name of any other Senator. His concern is real. His help has been great; and I think it is really a fine experience when men of different political parties, believing in a common cause, can work together across party lines.

One of the main problems we have now is to be able to unite on all issues with respect to which we believe in a common cause, and dividing, in good spirit, on the issues with respect to which we differ.

The Senator from Kentucky has rendered exceedingly great help to us, and we are grateful to him. The country is very grateful to him. I thank him from the bottom of my heart.

Mr. COOPER. I thank the Senator for his very generous remarks. It is a great privilege to be associated with him in this common cause. I hope the bill will pass substantially in its present form.

One of the reasons why I wished to speak briefly on the bill was to distinguish, if I could, between the provisions of this bill and those of the bill which has been proposed by the administration. I speak also in the hope that after the passage of the bill it will be signed and become law.

Mr. DOUGLAS. I join the Senator in that hope.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE SOVIET SYSTEM OF POWER

Mr. HUMPHREY. Mr. President, one of the leading students of communism Bertram D. Wolfe, has written an excellent article on the Soviet system of power entitled "The Deadly Enemy We Face," which appeared in the January 26 issue of the New Leader magazine. This is the finest article I have ever read on Soviet strategy, activities and tactics.

I ask unanimous consent that this analysis of the nature of the Soviet system be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE DEADLY ENEMY WE FACE (By Bertram D. Wolfe)

The Soviet system of power, which is the enemy we face, can only be understood properly with the help of certain theoretical criteria of a socio-historical nature. Very briefly, we may say that the Soviet system is

a closed, single-centered, modern totalitarian society, as distinguished from an open, multi-centered society. A closed society is one with built-in staying powers which enable it to endure for a very long period of time; it is a self-conserving society, in that any changes that occur are within-system changes that leave the basic structure of power untouched. A single-centered society is one in which there is only one focus of power, the state, which does not tolerate the diffusion of power among any other relatively independent social institutions or groups. Finally, a modern totalitarian society, as distinguished even from an old-fashioned despotism, is one in which the state seeks to be coextensive with the whole of society and the whole of life, a society that is perpetually at war with its own people and with the rest of the world, and which uses modern technology and widespread literacy as weapons in that war.

Now, the Soviet Union is truly a great power—great in population, great in resources, great in technology, and great in military strength. Secondly, it has a great state machine which is in a condition of permanent semi-mobilization, and which attempts to keep its people mobilized. Finally, it is an enemy which is resourceful enough, wealthy enough, and determined enough to do what we have not had the determination to do (although we have had the resources in the West in much greater abundance): namely, to keep simultaneously an atomic striking power and a massive conventional striking power in being. It has a definite advantage over us at this moment because it is geared to both types of warfare. It believes that both types are necessary and that they must be integrated into a single plan.

At the beginning of the 19th century, one European in seven was a Russian, or under Moscow rule. At the beginning of the 20th century, one European in four was under Moscow rule. At the middle of the 20th century, approximately one European in two is under Russian rule. This in itself is enough to give us pause—especially if we remember that there are 125 divisions in being in Russia, while we have approximately 15 and are engaged in cutting our forces further.

It is a deadly enemy. It is a deadly enemy because never for a moment does it abandon its two basic aims: To remake man, and to conquer the world. It is particularly our enemy—not because we so choose, but because it has chosen. It regards the strength and the way of life of the United States as the chief obstacle to its plan to remake its own people and to remake the world in the image of its blueprint. We have been picked as enemy No. 1.

No matter what Eisenhower says or does, no matter whether Dulles conducts himself with tact or tactlessness, no matter how well the tourist behaves when he goes to the Soviet Union for his 3 weeks—we will still be enemy No. 1. Whether our working class is prosperous, or hungry and jobless, or jobless and not hungry, we will still be enemy No. 1. Whether we treat American Negroes decently, or indecently—or somewhere in between, as we are doing at present—we will still be enemy No. 1. Whether we pull out of Berlin or Quemoy or do not pull out of Berlin or Quemoy, we cannot disengage ourselves from this enemy.

Let us not listen to the siren song of those who tell us that we can get a release of tensions and a little peace in our time if we only disengage ourselves. If we disengage ourselves, we leave another strip to be occupied, a new place from which battle will begin.

They know, to be sure, that they cannot conquer us. They know something about our strength. They do not covet for a moment the risks of all-out war with us. There are two things that they are determined with all of their might to avoid: One

is all-out war, the other is all-out peace. They will keep us in between as long as they have the power to do so. They do not wish all-out war because they believe that time and history are on their side. When they consider how their system has been expanding, I must say it seems to them that they have some empirical confirmation for their belief that time is on their side.

Of course, they do not want all-out peace, for their two fundamental aims do not permit them to be at peace either with their own people or with the rest of the world. If our statesmen and experts wish to make a test of any fresh proposal of theirs to see whether it really intends peace, there is a simple test. When they are ready to make peace with their own people, then we will know—and only then—that they are ready for real peace with their neighbors and with us. Otherwise, when they use the word peace it is just one of the gimmicks in their waging of war. It is well to remember that Soviet Premier Nikita Khrushchev is said to have two sets of teeth, one to smile with and one to bite with. And the more dangerous of the two is the set with which he smiles.

My next point is that by the enemy we face, I do not mean the Russian people. The Russian people are not and have never been our enemies. They have not chosen and they do not choose their Government. They do not control its policies—except by their mute and silent pressure. And those who tell us that when the Russian people mature they will be able to control their Government and its policies, are deceiving themselves and us. No mere maturing of the Russian people will change their system, nor does their system allow them the organizational scope and independent activity, the genuine information and the right to judge which alone permit of maturing.

The Russian people are not unfriendly to us, only ill-informed, deeply curious, well-disposed toward us, and a little envious. If the gates were opened, they would vote with their feet by the millions in favor of our system. In fact, wherever they have had a chance to cross the line, they have crossed by the millions. Two-thirds of all the Chinese volunteers whom we took as prisoners during the Korean war refused to return to their native scenes, families, and lands, preferring the half-world of barbed-wire camps to returning to a country where their Government makes unending war upon them.

The real reason for the Kremlin's endless hostility toward the United States, regardless of what we do, is that they regard us, and rightly, as the main obstacle to their underlying plan. This will not be changed if Khrushchev should come to New York and see our skyscrapers, or if he should then go to Detroit and see how many automobiles our workmen have. The Russian leaders are ruthlessly friendly. They talk of easing of tensions. In our society, tension is a bad word. We can thank the Freudians for that, I suppose, for they talk of the age of anxiety and the age of tension. To anybody who comes with a panacea for easing tensions, we open our arms and our hearts. However, if every time they speak of easing of tensions you would substitute for the word "tension" the word "concern" (which is a more neutrally or differently colored word), you would see that what they are asking us to do is to stop concerning ourselves with the freedom of the world and with our own freedom. Then you would realize that we must hug our tensions to our breasts as long as the dangers exist which have caused the concern.

When I say that nothing we can do will change this, I do not mean to say that it makes no difference whether our workmen are prosperous and employed or not, or that it makes no difference how we treat our colored population, for it does make a difference. But the difference is in the winning

of allies not alienating them; in winning the secret support of the Russian people; in strengthening our prestige with neutrals. However, we will not disarm or change the philosophy or the goals of a mortal enemy. Nor do I believe with those who think that if we but disarmed everything would be easy (of course that sentence is not complete: It would be easy for the men in the Kremlin). I have never believed that the best way to get thieves to reform is to remove the locks from our doors.

The world is in serious and even mortal danger now, as it was in Hitler's day. Every country in the East is in mortal danger from China, with its huge population. Every country in Western Europe, the cradle of modern thought and liberty, is in mortal danger. Every country on the Mediterranean, which was the cradle of western civilization and culture, is in mortal danger. The Near East, which was the cradle of our faiths, is in mortal danger at the present moment.

We have tried the gesture of "Let's be friends and see if that won't work"—we have tried it more often than our historical memories permit us to recall. I remember when Franklin Roosevelt said to Frances Perkins: "I really believe that I can get Uncle Joe to go along with me." Well, we tried it. So, at the end of the War, it turned out that there were three kinds of occupation zones. There were countries which Russia occupied (liberated) exclusively—they lost their freedom and were sucked behind the Iron Curtain. There were the countries which were jointly occupied—all of those except one have been partitioned, and the Soviet-occupied half of each is behind the Iron Curtain (North Korea, East Germany, and so on). One country was occupied exclusively by us, Japan, and there the occupied country is free to criticize and disagree with its occupiers and liberators. If the experience of those three types of occupation does not teach us not to play this costly game of seeing if we cannot hypnotize the men in the Kremlin into abandoning their blueprint or into just being nice, then nothing will ever teach us. In the end we will perish, and deserve to perish, for being fools incapable of learning.

They are now proposing (and have been proposing for some time) a unification of Germany. Unification consists, as they have made abundantly clear, in having the two Germanys linked together and then in seeing how Communist Germany can gradually take possession of West Germany as well. We tried that before, too. We tried it with the two Chinas during World War II, and we see how it turned out. We tried it with the two Koreas, and we also see how that worked out. Some poor fellows tried earnestly to cooperate with them in Eastern Europe. But the Communists took the key posts in the cabinets and popular-front governments; they took the Ministry of War, the Ministry of Interior and the Ministry of Propaganda (Education); and, in the end, they took the country, by what former Hungarian Communist boss Mathias Rakosi called "salami tactics," in which you slice off one slice, then another slice, and then another slice, until you have the whole salami sliced up.

If we are still tempted by poisoned semantics (one of their deadliest weapons) to believe that the word "peaceful" means "peace," and that "coexistence" means "mutual tolerance" and "live and let live," I don't know at this late date what I can say, except perhaps that I might offer a homely metaphor: The farmer is perfectly willing for the turkey to coexist with him until Thanksgiving Day. If we keep that in mind, we will have a general notion of what they mean by peaceful existence.

The mistakes which our public figures have made, our statesmen, experts, journalists, diplomats—and our military men as

well when we were in a joint military effort with Russia—have all sprung from the same thing: the virtual incapacity of a people brought up in an open society to understand the nature of the system we have been examining, and the aims and plans of its rulers. I could illustrate that with errors made throughout the last 41 years, since 1917. But let us start with World War II and the "Grand Alliance." Not understanding that our ally of the moment had been, was then, and at the war's end would be also our enemy, we did not plan the peace during the war. We did not make it a self-enforcing peace, which we could only have done by planning our military conduct of the war to ensure a decent peace by the position of our armies at the war's end. Therefore there has been no peace.

We have failed to understand that agreements with such an unrelenting and continuing foe are carried out only if there are deliberate provisions to make them self-enforcing. Such provisions involve the proper disposition of our military forces to ensure enforcement.

Thus, when we say free elections for Germany, and they say free elections, it behooves us to remember that the elections they have in the Soviet Union are what they call free elections. We must spell out any agreement on free elections so as to include multiple parties, a press owned by individuals, associations and parties not controlled by the government, empty prisons and closed concentration camps, and the like, and joint occupying troops in quantity in all sectors, to enforce the rights and liberties we mean by the thus-defined free elections.

When they say peaceful unification arranged between the East and West German Governments, we must remember that that is what they said of Korea, of Vietnam, of wartime China. Agreements that are not spelled out and self-enforcing are merely semantic poison to prepare and justify conquest.

Above all, we are not giving our own people a clear vision of this opponent, and the nature of our struggle. How often have I sat down in taxicab or train and been asked: "What is your racket?" I answer, "Russia." Invariably the taxi driver or traveling companion follows up with: "Tell me, is Russia really as bad as our newspapers say it is?" Always I must answer, "Much worse, man. Our newspapers are not doing a good job." That depressing and forever recurring question shows how our leaders have failed to make our people understand—because they do not really understand themselves—the nature of our self-appointed opponent. Since both our political parties must appeal and do, appeal recklessly and demagogically to a people to whom they have not given decent leadership and proper political education, each party poses as the party of peace, while the enemy chooses to continue to make war on us. This is the most dangerous feature in our political life.

At the war's end, we demobilized our troops too soon, because we had not prepared our own minds or our people to remain mobilized until a decent peace was assured. We failed to make effective use of our then monopoly of atomic weapons in ways which would have furthered a decent peace and effective and controlled disarmament, not because this could not have been done—it probably could—but because we were not sufficiently aware of the need to do so, and too frightened by our awful preponderance of power to make wise and restrained use of it for bringing about genuine peace and genuine liberation of the liberated countries.

We left Korea without adequate defenses because we were afraid that the Koreans might use our arms to unify their country, and we did not have the understanding to realize that the puppet Government of North Korea would surely use Russian and Chinese

Communist arms and forces for the peaceful unification of Korea, and the liberation of Korea from its independence. We even withdrew our troops and made the fatuous and inviting statement that Korea was not part of our essential defense perimeter. What could be expected from such a foe under such circumstances? When we finally had to fight to save Korea, we did an inspiring job. But under such self-imposed limitations that it was easy for Communist China to reconquer the northern half of the country, and restore the same impossible conditions that had brought us into war.

Our policy of containment has not contained; and our policy of liberation has not liberated; as our acceptance of the poison semantics of peaceful coexistence and the propaganda circus of summit conferences has given us neither genuine conferences for agreement on anything, nor peace, nor coexistence.

All these errors—and, alas, I could enumerate many more like them—come from a failure to understand the difficulties and intricacies of the problems, because of a failure to understand the nature of our enemy, his system, his power, his ruthlessness and unscrupulousness in negotiation and action, his aims, his determination, and the role of his ideology in his efforts to conquer the world and remake man. This failure of vision or understanding is at the root of our failures in action and omission and negotiation.

I have used the word "enemy" and I should like to explain my choice of this word. I recognize that it is not a nice or a pleasant word. But we ought not be afraid of it. We did not pick the men in the Kremlin as enemies; they picked us. We have tried not to believe their statement of their aims. They said "world revolution," but we preferred not to believe they meant it. We have tried many times to show our good will and friendship. We offered to help them with arms in 1918 to reestablish a front against the invading Germans, but all that came of it were the misunderstandings of intervention. During the so-called intervention, we helped them to get back Siberia after they had lost it, and we forced the Japanese by our pressure to give up their occupation of Siberia. When war and civil war and the follies of their socialization of every grain of wheat and every inkpot brought on universal famine, we helped to save millions of Russians from starvation by our generous famine relief. In the period of their forced industrialization, we sent them technicians and engineers, whole factories and machinery, and helped them to build dams and powerhouses.

In World War II, after they had made their pact with Hitler to divide Europe, and Hitler turned on them, our help was generous and unstinting. Instantly, not after Pearl Harbor, but as early as June 1941, Harry Hopkins flew to Stalin to offer planes and tanks and trucks and guns, and wool and meat and fuel and bread. When Stalin asked Harry Hopkins quite naturally: "What do you want in return for all this?" Again came the failure of vision and understanding. Harry Hopkins boasted: "I told him we were not interested in conditions. All we were interested in was getting them the planes, the guns, the tanks, and the other things they needed."

They have picked us as the enemy of the things they are trying to do to their people and to their neighbors. If we forget that for a moment, in any one of their maneuvers, we fall in leadership. Yet always, with each maneuver, we are prone to forget afresh. We have failed to learn from a monotonous multitude of repetitions. We have failed in understanding. We have failed in leadership and enlightenment of our own people and other peoples. We have failed in political courage. Above all, we

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued March 24, 1959
For actions of March 23, 1959
86th-1st, No. 47

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HIGHLIGHTS: House passed Interior appropriation bill. House subcommittee ordered reported bill to increase price supports for feed grains. House passed bill to increase special milk program. Senate passed area redevelopment bill. Sen. Mundt introduced and discussed bill to provide full parity price support on basic commodities. Sen. Wiley introduced and discussed bill to increase special milk program authorization for 1959.

SENATE

1. AREA REDEVELOPMENT. Passed, 49 to 46, with amendments S. 722, the area redevelopment bill. pp. 4389-4438

Agreed to an amendment by Sens. Monroney and Kerr to provide that in designating rural redevelopment areas consideration shall be given to the proportion of the population of an area which has been receiving public assistance from the "Federal Government" as well as from the States. p. 4433

Agreed to the committee amendments en bloc. pp. 4391-9

Rejected the following amendments:

By Sen. Dirksen, 43 to 52, an amendment in the nature of a substitute which would have substituted the administration sponsored bill for the committee bill. pp. 4399-4411

By Sen. Scott, 24 to 70, which would have provided \$100 million for industrial redevelopment, \$50 million for rural redevelopment, and \$50 million for public facility loans; limited the loans period to 30 years; and placed the program in the Commerce Department. pp. 4411-23

By Sens. Bush and Javits, 33 to 60, which would have prevented the use of Federal funds to assist in shifting industries and jobs from one area to another. pp. 4423-33

As passed the bill provides for the establishment of an Area Redevelopment Administration as an independent agency; provides for the establishment of two advisory groups to the administrator of the agency; recognizes two types of redevelopment areas -- industrial and rural -- which are eligible to receive Federal assistance; sets forth criteria for designating rural redevelopment areas; creates revolving funds of \$100 million each for industrial redevelopment areas, rural redevelopment areas, and for loans for public facilities; and authorizes appropriations up to \$75 million for public facility grants, and \$4,500,000 for technical assistance to redevelopment areas.

2. MINERALS. Both Houses received from the President a report of the Interior Department on the program to encourage the discovery of mineral reserves in the U. S. pp. 4335, 4444
3. UNEMPLOYMENT COMPENSATION. The Finance Committee reported with amendment H. R. 5640, to extend the temporary unemployment compensation program (S. Rept. 135). p. 4338
4. REPORTS. Received from the Government Operations Committee a report on actions by the 85th Congress on the Second Hoover Commission reports (S. Rept. 122). p. 4338
5. RESEARCH. Received from the Government Operations Committee a report, "Science Program - 86th Congress." (S. Rept. 120) p. 4338
6. INFLATION. Sen. Butler inserted several items on administered prices and its effects on inflation. pp. 4349-53
7. BUDGET. Sen. Bush inserted articles discussing the Federal budget and expenditures. pp. 4355-6
Sen. Thurmond inserted an address by Sen. Byrd, Va., discussing the Federal budget and urging economy in Government. pp. 4438-41
8. PRICE SUPPORTS. Sen. Williams, Del., inserted an article supporting his position against price support payments to large producers. p. 4358
9. FOREIGN AID. Sen. Javits expressed his support for the President's request for additional funds for the development loan fund to aid foreign nations, and inserted an article comparing U. S. and Russian aid to these nations. pp. 4361-5
10. ATOMIC FALLOUT. Sen. Anderson and others discussed the danger of atomic fallout, particularly on food and water, and inserted several articles on the matter. pp. 4365-80
11. SURPLUS FOOD. Sen. Humphrey discussed the "famine in Haiti" and the "inadequate diets" of school children in D. C., and urged the use of surplus foods in these situations. p. 4385

is an increasing challenge to American industry. The problem cannot be solved by subsidizing industry or by industry's simply passing on increased costs to the consumer. That is the inevitable pathway to inflation.

"It is true that union leaders—specifically the boilermakers' union—sent a long telegram to a number of Senators demanding that 'TVA directors be fired.' That telegram was based on representations made by Allis-Chalmers. Later we received a letter from the president of the union, copies of which were sent to all who had received the telegram, and in that letter it was stated that the telegram had been sent without knowledge of all the facts. In view of information later received, the union requested that its objections be withdrawn.

"Now let me comment on your reference to John L. Lewis and the coal people. TVA is the largest power utility in the United States and the largest single buyer of coal. We buy all our coal by competitive bidding, and we try to keep prices down. If we did not act conscientiously on this, I think you can see what the results would be all over the country. As we let coal prices soar, prices everywhere would go up and the electric utility supplying you would pay more. Now the price of power is directly related to the price of coal because it takes about three-fourths pound of coal in a modern plant to produce a kilowatt-hour of electricity. If we acted carelessly with respect to coal purchases, the cost of your power, even in Michigan, could go up and you yourself would be forced to write a larger check every month.

"The coal producers and John L. Lewis have really been pressing in direction of getting TVA to relax its standards and even indulge in welfare buying to aid particular regions. I cannot subscribe to that, and I know the good people of Chelsea could not. I lived too long as a boy and young man in Chelsea to have any illusions about the way people think who live there.

"I can assure you that my principles with respect to all the things I have talked to you about are the same as I grew up with. I see nothing wrong about trying to operate a business as efficiently and economically as possible in order to pass on the savings and benefits to the consumer. Nor do I see anything wrong with seeking to accomplish that end by employing the principle of seeking competitive bids.

"In effect, that is the American way of doing things; and if we are to establish a reasonably stable economy in the future, all people responsible for the conduct of industry must begin to think of themselves as servants of the consumers, who are also taxpayers.

"As to whether or not the Government should have established TVA as a power utility, I see no point of argument. The fact is that TVA exists, and it exists by virtue of law. It could not be abolished any more than the clock can be turned back to regain time that has been lost.

"In the future this Nation will need electric power in ever-increasing amounts. Both private and public utilities will be required to do the job. Philosophically speaking, there is nothing new or unique in a public utility, nor does it represent a form of socialism. I can well imagine the indignation of my father if anyone had suggested that it was socialistic of him to motivate construction of the old Chelsea powerplant back in the early years of this century. It would be difficult to find a more rugged individualist than my dad, who promoted the plant along with Jabez Bacon, and others; or Pete Boehm, who ran and managed it. Their idea was to provide a service to the community in order that the community might grow. America, fortunately, has always had men who were more interested in service and progress than in the label that might be put on their efforts.

"If you find time to read all this and the other things I am sending you, there may still be questions in your mind. If so, please let me know, and I will give you as straightforward an answer as I can.

"Sincerely,

"HERBERT D. VOGEL,
"Chairman of the Board.

"HDV:PLE:WK

"Enclosures (5)—11-24-58 news release re-meeting with Allis-Chalmers officials; 25th anniversary booklet; Tennessee Press Association speech, 1-16-59; Georgia Engineering Society speech, 9-15-58; American Power Conference speech, 3-22-56."

Mr. BENNETT. Mr. President, I ask unanimous consent that the Senator from North Dakota [Mr. LANGER] be permitted, out of order, to present certain material for the RECORD, without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

EMPLOYMENT AT TURTLE MOUNTAIN, N. DAK.

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an editorial entitled "The Turtle Mountain Situation," published in the Minot, N. Dak., Daily News of March 14, 1959.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE TURTLE MOUNTAIN SITUATION

As much as anyone we would like to see some brave new start made, with Federal backing, to establish near-home industries which will employ all the Turtle Mountain people able and desiring work.

The jewel plant at Roila, now operating, is an example. But the payroll there includes only about 100 persons. Estimates vary as to how many people there are on the Turtle Mountain Reservation, one figure being 4,000.

Some knuckle rapping is justified if it is true, and it ought not to be difficult to ascertain whether it is, that the Indian Bureau has failed to provide winter subsistence in realistic amount.

The Turtle Mountain people have been, in some respects, really neglected. A series of news articles and pictures in the News a few years ago pointed up this fact. They have lived, many of them, in such impoverished condition that health and self-respect have been undermined. Besides that, they have developed, quite understandably, a very unhealthy state of mind.

In our opinion about half their trouble stems from the fact that so many poor and unemployed people have been hanging tenaciously to a thin thread of false hope. It is the hope that one day the Federal Government would recognize their claim to millions of dollars for land allegedly taken from them.

If the U.S. Court of Claims eventually does allow some kind of payment to the Indians on the basis of these claims, we see little likelihood that the money is going to help them much. The legal basis for such claims is involved, and it should be recognized as such. It is a matter for the properly constituted courts. Should it happen that some day the claims are recognized as the basis for some kind of payoff by the Federal Government, the relief is likely to be temporary. It is likely to leave the Indians as far from salvation as ever. For these people ought to be working, instead of waiting for remittances.

Al LaFontaine of Minneapolis has whooped up, in an irresponsible way, a new wave of public attention to the plight of the reservation dwellers, though he has told us nothing which had not been brought to light before. Definitely, he does the Turtle Mountain people a disservice to fire their imaginations with claims of tangible title to 9 million acres of North Dakota land. If he supposes he or they can get anywhere by holding such claims over the head of the State of North Dakota as a threat, he is ill advised.

Let the peculiar needs of the Turtle Mountain people for sympathetic understanding and help, and for programs of extraordinary action, be considered on the merits of these needs. Why prejudice the case with imaginary claims to property? The appeal to the American conscience had better be made on humanitarian grounds than on implied accusations of theft.

How far would anyone get, do you think, with a movement to revamp the title to downtown real estate in New York City, with a view to granting an equal share to any and all lineal descendants of the original Dutch settlers?

UNEMPLOYMENT IN DEPRESSED AREAS

The Senate resumed the consideration of the bill (S. 722) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, and that the time for the quorum call not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CAPEHART. Mr. President—
Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senator from Indiana may be allowed to proceed for 1 minute.

Mr. CAPEHART. Mr. President, I believe it will take me a little longer than 1 minute to make my statement. I wish to discuss the pending bill. Is an amendment pending?

The PRESIDING OFFICER. The Chair understands that the Senator from West Virginia [Mr. BYRD] has the floor. The Senate is operating under a time limitation, in connection with its consideration of the area redevelopment bill.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senator from Indiana may proceed for as long as he wishes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CAPEHART. Mr. President, I shall not need more than 5 minutes to make the statement I wish to submit.

Mr. BYRD of West Virginia. In addition, Mr. President, I ask unanimous consent that the time used by the Sena-

tor from Indiana not be charged to the time available to either side under the unanimous-consent agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CAPEHART. Mr. President, I thank the Senator from West Virginia for yielding to me.

Mr. President, the provisions of this bill are completely unworkable and inequitable, and the intended benefits will never reach many of the communities which really need them.

In committee, I tried to incorporate in the bill provision for means by which such benefits would reach communities where no job opportunities exist, and never can unless new plants or facilities are built, and where economic conditions warrant possible consideration of outside assistance.

However, the proponents of the bill declined to accept such changes in the provisions of the bill, and preferred to continue with provisions directed toward an end that cannot possibly be attained by means of the provisions now included in the bill.

Mr. President, we have knowledge of small industrial areas with high unemployment due to discontinuance, because of various economic conditions, of industrial operation. These areas are left without any potential job opportunities, because of the lack of sufficient additional industrial activity.

Many of these areas are also left without sufficient investment capital to attract new business.

For example, Mr. President, what I am referring to is this: I want to help this bill, and I would vote for proposed legislation which would assist a town or community which needed aid, provided that such legislation simply applied to a town or community in which one or two, or even a few plants, or in which had a coal mine, or any other kind of mine, had been completely abandoned. I mean that the plant or mine had been closed, and it was obvious even to a 12-year-old child that never again could there be jobs provided in those communities unless new businesses, plants, or facilities were established; or, secondly, that the community was too far away from places of employment so that people living there could not commute back and forth.

If the criteria were so limited, I think the bill would be worthwhile. I would like to help needy communities; but to make an effort to help communities only on the basis of the criterion that there must be unemployment, would never work. An administrator would have imposed upon him a task which he could never perform. In cities where there are many factories, or processing plants, or in communities where there are mines which have not exhausted their minerals, there are periods when employment rises or falls. It might well be that in a 6-month period communities or towns might qualify under the criteria established by the pending bill, but communities could cure the situation themselves, if it were obvious that there were sufficient opportunity for employment or employment in nearby com-

munities, or if there were a population which would support industry.

The Senator from West Virginia [Mr. BYRD], who is on his feet, I am sure a number of towns in West Virginia which would qualify 100 percent under the criteria I have discussed. They are areas where mines have become completely exhausted and the people are going to have to move away because there is no possible source of jobs there.

I should like to help in such cases, but I think it would be unwise to attempt to help cities such as Detroit, New York, Chicago, Milwaukee, Indianapolis, South Bend—I am mentioning towns in my own State—for the reason that there is not enough money in the Federal Treasury to do that sort of thing.

So my position is that if we limit the provisions of the bill to the obvious needs of towns and communities in which it is apparent there are not going to be employment opportunities unless someone builds a new plant or facility, the bill would be workable and worthwhile. However, as it is written, I cannot support it.

There are many other factors about the bill which I think are not good, but which we might correct in time, if the criteria were limited to those I have mentioned.

Some may make the argument that since the criteria, under the provisions of the bill, are based upon unemployment, the towns or communities I have mentioned would be included, because there will have been unemployment in them over a period of years. That assumption might well be correct, but such communities would have continuing unemployment for many months before they might qualify for help. Under my idea, a community might qualify within 10 days, if the factory previously operating within it had closed or if the mine in that area had been abandoned. Such communities would receive immediate help, not help 2 or 3 years later, during which time they might well dry up and rot away, waiting for the terms of the legislation to take effect. Under the pending bill, help could not be obtained in those communities for a period of time. I think perhaps the quickest help might be available under the pending bill would be 2 years.

I think that is the most serious weakness of this proposed legislation. I tried to correct that defect in committee a couple of times. I tried last year, when the bill came before the Senate. I tried again this year.

Now, Mr. President, I wish to complete my statement, and then I shall yield the floor.

This bill will place the small, capital-needing area in competition with the large industrial center, which has great potential investment capital, for the Federal offer of investment capital.

What I mean by that statement is that a small community of the type I have described, which needs help, would be placed in competition with a large city, such as Cleveland, for example. If that were done, the money would be spread too thin. Great as the United

States is, there is a limit to the amount of money which can be used for that purpose. Smaller communities would be placed in competition with large cities.

My purpose is to limit the aid provided to small towns and communities such as I have indicated, so that some real good may be accomplished. As the bill is written, in my opinion, the money would be spread so thin that no one would be helped, or possibly very few would be helped.

The onetime thriving coal mining areas and the onetime busy railroad centers where much of the labor force worked for a single industry are now the prime examples of communities in need of investment capital to restore their economies to a proper living level.

They are the people whose hopes are bound to be lost in the race for the investment capital provided in this bill.

The approach to this problem has been wrong in every respect—the legislative approach, the sentimental approach, the economic approach, and the political approach.

Anyone familiar with the manner in which industry determines relocation or expansion will scorn the thought of the bill's sponsors that investment capital is the lone factor in the success of a business enterprise.

It is not. It is possibly the least factor to be considered, if a new business is to be established, because the person going to the location needs other things besides money. He already has the money, or will soon get it.

The bill ignores such important business factors as business climate, proximity of raw materials, marketing areas, and so forth.

I know that every Senator is anxious to extend a helping hand to those communities needing some help in order that they may help themselves, but it should be done on a sound and business-like basis—not by entangling a set of unemployment figures with a mass of discretionary powers in the hands of an agency Administrator.

Let us determine first what the basic causes were that transformed these onetime prosperous communities into depressed areas.

Let us measure the potential of the community to support a new form of industry and the kind of industry it might support.

Let us consider the raw materials and marketing factors so important to successful business.

The establishment of a business in a depressed area, through the use of Federal investment capital, should be assured of success; else we would be doing the area an injustice rather than a favor.

The fly-by-night approach which is being taken by this bill is raising false hopes of innocent people, who are being led to believe the pending legislation will cure their unemployment problems immediately. If it does at all, it will take many, many months, and possibly years.

I had a telephone call this morning from a man in a town interested in the proposed legislation. He said, "Vote for the bill so that we can immediately get some relief in our town."

First, the town would not qualify under the provisions of the bill.

Second, even if the town did qualify, it would take 5 or 6 months to pass the bill, to have it signed into law by the President—if the President should sign it at all—and to have the organization set up to start work. Then the town would have to qualify under the criteria or under the formula. Of course, it would be necessary to find someone who wanted to invest some capital in that town. The shortest time within which anyone could get any relief under the provisions of the bill would be a year, and in my best judgment it would be 2 years.

I suspect there are no more than 25 communities in the United States—there may be more and there may be less—in the obvious situation I mentioned a moment ago, such a situation that even a 12-year-old child knows that never again will jobs be available in the town or community unless someone establishes a new facility. We should afford help in those situations immediately. I am fearful we will build up in great many people hopes which we will be unable to fulfill.

A limited amount of money is to be provided. While the bill provides for \$389 million, I believe only \$100 million is provided for loans. That is a small amount when we consider furnishing work for those who are unemployed. I think the average investment today in a job is in the neighborhood of from \$12,000 to \$20,000 per man.

There is another \$100,000 designed for farm relief, and some for other purposes.

Likewise, we would start another scheme for placing the Federal Government into the investment business, into private enterprise. We would set up another bureaucracy in Washington. We would establish more offices under the Government, but we would not accomplish what is desired.

A much better plan would be to study the problem existing in the 25—perhaps a few more or perhaps a few less—communities or towns in the United States I described a moment ago in which there will never be another job, so that we may discover what is the best thing to do with the people in these communities, and how best we may serve them.

Mr. President, I wish I could support the proposed legislation, but I cannot support it in the form in which it is written.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill so amended be considered as an original text for the purpose of other amendments.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois?

Mr. DIRKSEN. Mr. President, what was the request?

Mr. DOUGLAS. I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as so amended be considered as an original text for the purpose of further amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator

from Illinois? The Chair hears none, and it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 1, line 3, after the word "Act", to insert "may"; on page 5, line 9, after the word "time", to strike out "There shall be included among the areas so designated any industrial area in which there has existed unemployment of not less than (1) 12 per centum of the labor force during the twelve-month period immediately preceding the date on which an application for assistance is made under this Act, (2) 9 per centum of the labor force during at least fifteen months of the eighteen-month period immediately preceding such date, or (3) 6 per centum of the labor force during at least eighteen months of the twenty-four-month period immediately preceding such date. Any industrial area in which there has existed unemployment of not less than 15 per centum of the labor force during the six-month period immediately preceding the date on which application for assistance is made under this Act may be designated as an industrial redevelopment area if the Administrator determines that the principal causes of such unemployment are not temporary in nature." and insert "There shall be included among the areas so designated any industrial area—

"(1) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in subparagraph (2) below; and

"(2) where the annual average rate of unemployment shall be included among the areas so designated any industrial area—

"(1) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in subparagraph (2) below; and

"(2) where the annual average rate of unemployment has been at least—

"(A) 50 per centum above the national average for three of the preceding four calendar years, or

"(B) 75 per centum above the national average for two of the preceding three calendar years, or

"(C) 100 per centum above the national average for one of the preceding two years.

Any industrial area in which the national part of the employment is or most recently was in an industry adversely affected by the reduction of trade barriers under the Trade Agreements Extension Act of 1951, as amended, with respect to which the President has reported to the Administrator under subsection (f) of this section, and meeting the standards of unemployment set forth in this section shall be entitled on application to a priority of consideration by the Administrator for designation as an industrial redevelopment area."; on page 7, line 3, after the words "United States", to strike out "in which he determines that there exist the largest number and percentage of low income families, and" and insert "which he determines are among the highest in numbers and percentages of low-income families, and in which there exists"; in line 16, after the word "area", to strike out "and"; in line 18, after the word "employment", to insert a comma and "and the proportion of the population of each such area which has been receiving public assistance from the State or States in which such area is located or from any municipality therein"; on page 8, after line 19, to insert a new subsection, as follows:

"(f) In any case in which the President is required (1) under the provisions of sub-

section 4(a) of the Trade Agreements Extension Act of 1951 to transmit a message to the Congress identifying an article with respect to which a trade agreement has caused or threatened to cause serious injury to a domestic industry, or (2) under the provisions of subsection 7(c) of such Act to submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate stating why he has not made such adjustments in the rates of duties, imposed such quotas, or made such other modifications, as are found and reported by the United States Tariff Commission to be necessary to prevent or remedy serious injury to a domestic industry, he shall notify the Administrator and shall send him a copy of such message or report."

On page 16, after line 21, to insert a new subsection, as follows:

"(e) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake."

On page 17, at the beginning of line 10, to strike out "(e)" and insert "(f)"; on page 19, after line 18, to insert a new subsection, as follows:

"(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake."

On page 20, at the beginning of line 6, to strike out "(d)" and insert "(e)"; on page 31, line 25, after the word "Act", to strike out "Such payments shall be made for a period not exceeding thirteen weeks," and insert "Such payments shall be made only during the period the individual is receiving vocational training or retraining under section 16 of this Act, but not in any event to exceed sixteen weeks,"; on page 34, line 3, after the word "of", to strike out "Expenditures" and insert "Expeditors"; at the top of page 35, to insert a new section, as follows:

"RECORD OF APPLICATIONS

"SEC. 20. The Administrator shall maintain as a permanent part of the records of the Administration a list of applications approved, which shall be kept available for public inspection during the regular business hours of the Administration. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan for which application is made, (3) the purposes for which the proceeds of the loan are to be used, and (4) a general description of the security offered."

At the beginning of line 14, to change the section number from "20" to "21"; on page 36, at the beginning of line 5, to change the section number from "21" to "22"; at the beginning of line 22, to change the section number from "22" to "23"; on page 37, at the beginning of line 2, to change the section number from "23" to "24"; and, after line 14, to insert a new section, as follows:

"RECORDS AND AUDIT

"SEC. 25. (a) Each recipient of assistance under section 6 or 7 of this Act shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6 or 7 of this Act."

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Area Redevelopment Act".

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources without substantially reducing employment in other areas of the United States.

AREA REDEVELOPMENT ADMINISTRATION

SEC. 3. In order to carry out the purposes of this Act, there is hereby established, within the executive branch of the Government, an Area Redevelopment Administration. Such Administration shall be under the direction and control of an Administrator (hereinafter referred to as the "Administrator") who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the rate of \$20,000 per annum.

ADVISORY BOARD

SEC. 4. (a) To advise the Administrator in the performance of functions authorized by this Act, there is authorized to be created an Area Redevelopment Advisory Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: the Administrator as Chairman; the Secretaries of Agriculture;

Commerce; Defense; Health, Education, and Welfare; Interior; Labor; and Treasury; the Administrators of the General Services Administration; Housing and Home Finance Agency; and Small Business Administration; and the Director of the Office of Defense Mobilization.

The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Administrator shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, and the public in general. From the members appointed to such Committee the Administrator shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Administrator relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(c) The Administrator is authorized from time to time to call together and confer with representatives of the various parties in interest from any industry, including agriculture, which has been a primary source of high levels of unemployment or underemployment in the several areas designated by the Administrator as redevelopment areas. The Administrator may also call upon representatives of interested governmental departments and agencies, together with representatives of transportation and other industries, to participate in any conference convened under authority of this subsection whenever he determines that such participation would contribute to a solution of the problems creating such unemployment or underemployment. The representatives at any such conference shall consider with and may recommend to the Administrator plans and programs to further the objectives of this Act with special reference to the industry with respect to which the conference was convened.

REDEVELOPMENT AREAS

SEC. 5. (a) The Administrator shall designate as "industrial redevelopment areas" those industrial areas within the United States in which he determines that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any industrial area—

(1) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in subparagraph (2) below; and

(2) where the annual average rate of unemployment has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two years.

Any industrial area in which a substantial part of the employment is or most recently was in an industry adversely affected by the reduction of trade barriers under the Trade Agreements Extension Act of 1951, as amended, with respect to which the President has reported to the Administrator under subsection (f) of this section, and meeting the standards of unemployment set forth in this section shall be entitled on

application to a priority of consideration by the Administrator for designation as an industrial redevelopment area.

(b) The Administrator shall also designate as "rural redevelopment areas" those rural areas within the United States which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection, the Administrator shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, and the proportion of the population of each such area which has been receiving public assistance from the State or States in which such area is located or from any municipality therein.

(c) In making the determinations provided for in this section, the Administrator shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

(d) Upon the request of the Administrator, the Secretary of Labor, the Secretary of Agriculture, and the Secretary of Commerce are respectively authorized to conduct such special studies, obtain such information, and compile and furnish to the Administrator such data as the Administrator may deem necessary or proper to enable him to make the determinations provided for in this section. The Administrator shall reimburse, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

(e) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Administrator as an industrial redevelopment area or a rural redevelopment area, and may include one or more counties, or one or more municipalities, or a part of a county or municipality.

(f) In any case in which the President is required (1) under the provisions of subsection 4(a) of the Trade Agreements Extension Act of 1951 to transmit a message to the Congress identifying an article with respect to which a trade agreement has caused or threatened to cause serious injury to a domestic industry, or (2) under the provisions of subsection 7(c) of such Act to submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate stating why he has not made such adjustments in the rates of duties, imposed such quotas, or made such other modifications, as are found and reported by the United States Tariff Commission to be necessary to prevent or remedy serious injury to a domestic industry, he shall notify the Administrator and shall send him a copy of such message or report.

LOANS AND PARTICIPATIONS

SEC. 6. (a) The Administrator is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including machinery and equipment) for industrial usage, for the construction of new factory buildings, for rehabilitation of

abandoned or unoccupied factory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use. Such financial assistance shall not be extended for working capital, or to assist establishments relocating them one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

(b) Financial assistance under this section shall be on such terms and conditions as the Administrator determines, subject, however, to the following restrictions and limitations:

(1) The total amount of loans and loan participations (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in industrial redevelopment areas shall not exceed \$100,000,000, and (B) with respect to projects in rural redevelopment areas shall not exceed \$100,000,000;

(2) Except as provided in subsection (c), such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision;

(3) The project for which financial assistance is sought is reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the development area wherein it is, or will be, located;

(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms;

(5) No loans shall be made unless it is determined that an immediate participation is not available;

(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment;

(7) Subject to section 12(5) of this Act, no loan, including renewals or extensions thereof, may be made hereunder for a period of exceeding thirty years and no evidences of indebtedness maturing more than thirty years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Administrator as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor, or if extension or renewal for additional periods, not to exceed, however, a total of ten years, will aid in the orderly liquidation of such loan or of such evidence of indebtedness;

(8) Such loans shall bear interest at a rate equal to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in section 9 of this Act, plus one-half of 1 per centum per annum: *Provided*, That an amount equal to one-fourth of 1 per centum per annum of the outstanding principal amount of any loan made under this section shall be allocated from the payments received by the Administrator in the form of interest on such loan to a sinking fund to cover losses on loans under this section;

(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project and shall,

among others, be on the following conditions:

(A) That other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) That not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, as equity capital or as a loan;

(C) That in extending financial assistance under this section with respect to an industrial or rural redevelopment area, the Administrator shall require that not less than 5 per centum of the aggregate cost of the project for which such loan is made shall be supplied by nongovernmental sources;

(D) That any Federal financial assistance extended under this section in connection with a particular project shall be repayable only after other loans made in connection with such project and in accordance with this section have been repaid in full. If any Federal financial assistance extended under this section is secured, its security shall be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Administrator an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

(c) If there is no agency or instrumentality in any State, or political subdivision thereof, qualified to approve applicants for assistance under this section as provided in paragraph (2) of subsection (b), the Administrator shall, upon determining that any area in such State is a redevelopment area, appoint a local redevelopment committee (hereinafter referred to as a "local committee") to be composed of not less than seven residents of such area who, as nearly as possible, are representative of labor, commercial, industrial, and agricultural groups, and of the residents generally of such area. In appointing any such local committee, the Administrator may include therein members of any existing local redevelopment committees. Financial assistance under this section in connection with projects located in a redevelopment area, for which a local committee has been appointed under this section, shall be extended only to applicants, both private and public (including Indian tribes), which have been approved by such local committee.

(d) Of the funds authorized to be raised under section 9 of this Act, not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in industrial redevelopment areas, and not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in rural redevelopment areas.

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public organization or association representing any redevelopment area or part thereof, the Administrator is authorized to make loans to assist in

financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the funds requested for such project are not otherwise available on reasonable terms;

(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof; and

(4) there is a reasonable expectation of repayment.

(b) No loan under this section shall be for an amount in excess of 65 per centum of the aggregate cost of the project for which such loan is made. Subject to section 12(5), the maturity date of any such loan shall be not later than forty years after the date such loan is made. Any such loan shall bear interest at a rate equal to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in section 9 of this Act, plus one-quarter of 1 per centum per annum.

(c) In making any loan under this section, the Administrator shall require that not less than 10 per centum of the aggregate cost of the project for which such loan is made shall be supplied by the State (including any political subdivision thereof) within which such project is to be located as equity capital, or as a loan. In determining the amount of participation required under this subsection with respect to any particular project, the Administrator shall give consideration to the financial condition of the State or local government, and to the per capita income of the residents of the redevelopment area, within which such project is to be located.

(d) Any loan made under this section in connection with a particular project shall be repayable only after other loans made in connection with such project and in accordance with this section have been repaid in full. If any loan made under this section is secured, its security shall be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(e) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

(f) Of the funds authorized to be raised under section 9 of this Act, not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section.

GRANTS FOR PUBLIC FACILITIES

SEC. 8. (a) The Administrator may conduct studies of needs in the various redevelopment areas throughout the United States for, and the probable cost of, land acquisition or development for public fa-

cility usage, and the construction, rehabilitation, alteration, expansion, or improvement of useful public facilities within such areas, and may receive proposals from any State or political subdivision thereof, Indian tribe, or private or public organization or association representing any redevelopment area, or part thereof, relating to land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any such area. Any such proposal shall contain plans showing the project proposed to be undertaken, the cost thereof, and the contributions proposed to be made to such cost by the entity making the proposal. The Administrator, in consultation with such entity, is authorized to modify all or any part of such proposal.

(b) The Administrator, pursuant to a proposal received by him under this section, may make grants to any State, or political subdivision thereof, Indian tribe, or private or public organization or association representing any redevelopment area, or part thereof, for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute; and

(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section.

The amount of any grant under this section for any such project shall not exceed the difference between the funds which can be practically obtained from other sources (including a loan under section 7 of this Act) for such project, and the amount which is necessary to insure the completion thereof.

(c) The Administrator shall by regulation provide for the supervision of carrying out of projects with respect to which grants are made under this section so as to insure that Federal funds are not wasted or dissipated.

(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

(e) There is hereby authorized to be appropriated not to exceed \$75,000,000 for the purpose of making grants under this section.

FUNDS FOR LOANS

SEC. 9. To obtain funds for loans under this Act, the Administrator may, with the approval of the President, issue and have outstanding at any one time notes and obligation for purchase by the Secretary of the Treasury in an amount not to exceed

\$300,000,000. Such notes or other obligations shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator with the approval of the Secretary of the Treasury, and shall bear interest at a rate determined by the Secretary of the Treasury, but such rate shall not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued under this section and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated in every respect as public debt transactions of the United States.

INFORMATION

SEC. 10. The Administrator shall aid redevelopment areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating conditions of excessive unemployment or underemployment within such areas. The Administrator shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 11. In carrying out his duties under this Act, the Administrator is authorized to provide technical assistance to areas which he has designated as redevelopment areas under this Act. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Administrator through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purpose. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

POWERS OF ADMINISTRATOR

SEC. 12. In performing his duties under this Act, the Administrator is authorized to—

(1) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties, provide bonds for them in such amounts as the Administrator shall determine, and pay the costs of qualification of certain of them as notaries public;

(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Administrator;

(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this Act, and collect or compromise all obligations assigned to or held by him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made under this Act, beyond the periods stated in such loan or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with the payment of loans made under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Administrator, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Administrator pursuant to the provisions of this Act may be exercised by the Administrator or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made under this Act;

(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic

reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classifications laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses; and

(11) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 13. Whenever the Administrator shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Administrator determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Administrator that such area no longer qualifies as a redevelopment area. The Administrator shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

URBAN RENEWAL

SEC. 14. (a) Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT"

"SEC. 112. (a) When the Area Redevelopment Administrator certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a 'municipality') is situated in an area designated under section 5(a) of the Area Redevelopment Act as an industrial redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economic development, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) that the project area be clearly predominantly residential in character or that it be redeveloped for predominantly residential uses; but no such assistance shall be provided in any area if such Administrator determines that it will assist in relocating business operations from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provi-

sions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or non-profit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *And provided further*, That the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed under section 105(b).

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section for the completion of such project, notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an industrial redevelopment area under the Area Redevelopment Act."

(b) The text to the last paragraph of section 110(c) of such Act is amended by inserting after "such projects" the following: "(including projects assisted under section 112 of this title)".

URBAN PLANNING GRANTS

SEC. 15. The second sentence of section 701 of the Housing Act of 1954 is amended by adding the following in clause (2) after the words "decennial census which": "(1) are situated in areas designated by the Area Redevelopment Administrator under section 5(a) of the Area Redevelopment Act as industrial redevelopment areas, or (ii)".

VOCATIONAL TRAINING

SEC. 16. (a) The Secretary of Labor, in consultation with the Administrator, shall determine the vocational training or retraining needs of unemployed individuals residing in, or who were last employed in, redevelopment areas and shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(b) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the vocational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services, needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions: *Provided*, That the Secretary of Labor shall arrange to provide any necessary technical assistance for setting up apprenticeship, journeyman, and other job training needed in the area: *Provided further*, That any vocational training or retraining provided under this section shall be designed to enable unemployed individuals to qualify for new employment in the redevelopment area in which they reside or were last employed.

RETAINING SUBSISTENCE PAYMENTS

SEC. 17. (a) The Secretary of Labor in consultation with the Administrator shall, on

behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed individuals residing within such redevelopment areas who are not entitled to unemployment compensation (either because their unemployment compensation benefits have been exhausted or because they were not insured for such compensation) and who have been certified by the Secretary of Labor to be undergoing vocational training or retraining under section 16 of this Act. Such payments shall be made only during the period the individual is receiving vocational training or retraining under section 16 of this Act, but not in any event to exceed sixteen weeks, and the amounts of such payments shall be equal to the amount of the average weekly unemployment compensation payment payable in the State making such payments.

(b) The Secretary of Labor and the Administrator shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section and section 16 of this Act.

(c) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000, as may be necessary to carry out the provisions of this section.

PENALTIES

SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefore, or for the purpose of influencing in any way the action of the Administrator, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Administrator (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Administrator or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration, makes any false entry in any book, report, or statement of or to the Administrator, or without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administrator, or (4) gives any unauthorized information concerning any future action or plan of the Administrator which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administrator, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

EMPLOYMENT OF EXPEDITORS AND ADMINISTRATIVE EMPLOYEES

SEC. 19. No loan shall be made by the Administrator under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administrator the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the

purpose of expediting applications made to the Administrator for assistance of any sort, and the fees paid or to be paid to any such person; and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administrator to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration, occupying a position or engaging in activities which the Administrator shall have determined involve discretion with respect to the granting of assistance under this Act.

RECORD OF APPLICATIONS

SEC. 20. The Administrator shall maintain as a permanent part of the records of the Administration a list of applications approved, which shall be kept available for public inspection during the regular business hours of the Administration. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan for which application is made, (3) the purposes for which the proceeds of the loan are to be used, and (4) a general description of the security offered.

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

SEC. 21. The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on projects undertaken by public applicants assisted under this Act (1) shall be paid wages at rates no less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of August 30, 1935 (Davis-Bacon Act), and (2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed.

ANNUAL REPORT

SEC. 22. The Administrator shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1960. Such report shall be printed, and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business firms located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Administrator, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Administrator such information as may be necessary for the purposes of this section.

APPROPRIATION

SEC. 23. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

USE OF OTHER FACILITIES

SEC. 24. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Administrator shall, to the extent practicable and with their consent, use the available services and facilities of other agencies and instrumentalities

of the Federal Government on a reimbursable basis.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

RECORDS AND AUDIT

SEC. 25. (a) Each recipient of assistance under section 6 or 7 of this Act shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6 or 7 of this Act.

Mr. DOUGLAS. Mr. President, I further ask unanimous consent that members of the committee staff in addition to the number permitted by the rule be privileged to be present in the Chamber to give help and advice to Members of the Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

Mr. BYRD of West Virginia. Mr. President, I yield 30 minutes to the Senator from Connecticut [Mr. Dodd] on the bill.

The PRESIDING OFFICER (Mr. HART in the chair). The Senator from Connecticut is recognized for 30 minutes.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. DODD. I yield.

Mr. DIRKSEN. If it is agreeable to the Senator, I should like to offer my amendment in the nature of a substitute at this time, so that it will be before the Senate.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the amendment be printed in the RECORD without reading.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

The amendment offered by Mr. DIRKSEN is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That this Act may be cited as the 'Area Assistance Act of 1959'."

"DECLARATION OF PURPOSE

"SEC. 2. The Congress declares that, even during periods of prosperity for the Nation as a whole, some of our communities suffer substantial and persistent unemployment; that such unemployment causes hardship to many individuals and their families and de-

tracts from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment to take effective steps in planning and financing their economic development; that Federal assistance should enable communities to achieve lasting improvement and decrease economic vulnerability by the establishment of stable and diversified local economies; and that new employment opportunities should be created rather than merely transferred from one community to another.

"AUTHORITY OF SECRETARY OF COMMERCE

"SEC. 101. (a) The Secretary of Commerce, hereinafter referred to as the Secretary, may designate as an area of substantial and persistent unemployment any area certified as eligible for such designation by the Secretary of Labor.

"(b) To assist areas in the United States designated as areas of substantial and persistent unemployment, the Secretary is authorized—

"(1) to make grants for technical assistance for such areas in accordance with the provisions of section 106 (a) of this Act; and

"(2) to provide loans for such areas in accordance with the provisions of section 107 of this Act.

"(c) The Secretary is also authorized—

"(1) to extend the full cooperation of the Federal Government to all areas in the United States (including Puerto Rico) in promoting the more effective use of local resources, in the establishment of new industries based on local resources, and in the expansion of existing industries; such cooperation to be provided through technical advice and consultation and, when necessary, through the conduct of special studies;

"(2) to decrease, through grants made in accordance with the provisions of section 106(b) of this Act, the economic vulnerability of towns predominantly dependent on one industry, small towns which could serve as centers for economic diversification of rural areas of underemployment, and rural low-income areas by helping them develop manufacturing, processing, and other activities calculated to diversify and improve their economics; and

"(3) to coordinate his functions under this Act with those of the Secretary of Agriculture and other officials administering Federal programs affecting local economic conditions.

"(d) As used in this Act: (1) The term "United States" includes the several States, the Territory of Hawaii, and the District of Columbia; (2) the term "State" refers to an individual State, the Territory of Hawaii, or the District of Columbia; and (3) the term "loan" includes loans, immediate participation in loans, and purchase of evidences of indebtedness.

"AUTHORITY OF SECRETARY OF LABOR

"SEC. 102. (a) The Secretary of Labor shall from time to time, or upon the request of the Secretary, certify the existence of areas eligible for designation as areas of substantial and persistent unemployment whenever he finds on the basis of available labor force data, or studies which he initiates when he deems necessary, that—

"(1) the rate of unemployment in the area, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum and has averaged at least 6 per centum for the qualifying time periods specified in (2) below; and

"(2) the annual average rate of unemployment in the area has been at least—

"(A) 50 per centum above the national average for four of the preceding five calendar years, or

"(B) 75 per centum above the national average for three of the preceding four calendar years, or

"(C) 100 percentum above the national average for two of the preceding three calendar years; and

"(3) nonagricultural employment in the area has declined, or has shown a smaller increase than in the country as a whole, during the preceding five calendar years: *Provided*, That no area shall be excluded by the requirement of this subsection if the annual average rate of unemployment in that area for three of the last four years exceeds 8 per centum.

"(b) In the case of labor market areas for which appropriate historical labor force data have not been compiled, the Secretary of Labor shall certify as eligible for designation as areas of substantial and persistent unemployment those areas in which the unemployment rate and duration, based on a survey of available labor force data, generally equals or exceeds the rate and duration specified in section 102 (a).

"(c) The Secretary of Labor may also certify under subsection (a) or (b) of this section the existence of eligible areas upon request of any appropriate State government agency, instrumentality, or political subdivision.

"(d) The Secretary of Labor is authorized upon request and whenever he determines thus such studies are needed, to undertake, or to provide assistance to others in studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of an area certified under section 102.

"(e) When skills of the labor force in an area designated under section 101 are not such as to facilitate full utilization of the human resources in such area, the Secretary of Labor is authorized to provide advice and technical assistance in developing and carrying out a program to improve the utilization of such labor force.

"(f) Whenever the Secretary of Labor finds a need for vocational education services in an area designated under section 101 and when such area has an economic development programs as provided in section 107 (b) (9), he is authorized to assist interested agencies to determine the vocational training needs of unemployed individuals residing in the area, and he shall notify the Secretary of Health, Education, and Welfare of the vocational training or retraining requirements of the area. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, is authorized to provide assistance, including financial assistance when necessary or appropriate, to the State vocational education agency in the provision of such services in the area.

"AUTHORITY OF HOUSING AND HOME FINANCE ADMINISTRATOR

"SEC. 103. Title I of the Housing Act of 1949, as amended, is amended by adding the following new heading and section at the end of title I:

"AREAS OF SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT

"SEC. 112. (a) When the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (referred to as 'municipality' in this section) is situated in an area designated by the Secretary of Commerce pursuant to the Area Assistance Act of 1959 as an area of substantial and persistent unemployment, and (2) that there is a reasonable probability that with assistance provided under the Area Assistance Act of 1959 and other undertakings the area will be able to achieve lasting improvement in its economic development, the Administrator is authorized to extend financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Administrator may provide such financial assistance under this section without regard to the requirements or lim-

itations of section 110(c) of this title that the project area be clearly predominantly residential in character or that it will be predominantly residential under the urban renewal plan.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provisions of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area, designated under the urban renewal plan for industrial or commercial uses to any public agency or non-profit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *And provided further*, That the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed in conformity with the requirements of section 105(b) hereof.

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested under this section for the completion of such project notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an area of substantial and persistent unemployment."

"SEC. 104. The first sentence of section 202(c) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(c) In the processing of applications for financial assistance under this section, the Administrator shall give priority first to applications of counties, cities, and other municipalities and political subdivisions for financing needed public facilities in areas determined to be areas of substantial and persistent unemployment under the Area Assistance Act of 1959: *Provided*, That the Secretary of Commerce certifies there is reasonable probability that with assistance made available under the Area Assistance Act of 1959 and other undertakings such areas will be able to achieve lasting improvement in their economic development; and, second, to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need."

"SEC. 105. The second sentence of section 701 of the Housing Act of 1954, as amended, is amended by adding the following in clause (2) after the words 'decennial census which': '(1) are situated in areas designated by the Secretary of Commerce under the Area Assistance Act of 1959 as areas of substantial and persistent unemployment or (1)'."

"GRANTS FOR TECHNICAL ASSISTANCE

"SEC. 106. (a) In carrying out section 101 (b) (1), the Secretary is authorized to make grants for technical assistance including studies evaluating the needs of, and developing potentialities for, economic growth of areas designated under section 101(a). These grants may be made without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529). Appropriations are hereby authorized for these grants in an amount not to exceed \$1,500,000 annually.

"(b) In carrying out section 101(c) (2), the Secretary is authorized to make similar grants for the benefit of towns and areas described therein. Negotiations taking into account the financial ability of the grantee and other relevant considerations shall be made for contributions to costs of projects undertaken hereunder. These grants may be made without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529), and appropriations therefor are hereby authorized in an amount not to exceed \$1,500,000 annually.

"LOANS

"SEC. 107. (a) In carrying out section 101(b) (2) of this Act, the Secretary is authorized to aid in financing any project for the purchase or development of land and facilities for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied factory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use. Such loans shall not be extended for working capital, for purchase of machinery or equipment, or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(b) Loans made under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

"(1) The total amount of loans outstanding at any one time shall not exceed \$50,000,000;

"(2) Such loans shall be extended only to applicants, both private and public, approved by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed shall be located;

"(3) No such loan shall be extended hereunder unless the financial assistance applied for is not otherwise available from other lenders on reasonable terms;

"(4) No direct loan shall be made unless it is determined that an immediate participation is not available;

"(5) No loans shall be made unless it is determined that there is a reasonable assurance of repayment;

"(6) Each loan shall bear interest at a rate not less than the interest rate currently payable under section 108(e) on advances from the Treasury plus additional amounts deemed adequate to cover administrative expenses and a reasonable reserve for losses;

"(7) No loan, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor, or if extension or renewal or additional periods, not to exceed, however, a total of ten years, will aid in the orderly liquidation of such loan or of such evidence of indebtedness;

"(8) (A) Not less than 15 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities, and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project shall be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization, as equity capital or as a loan repayable only after the financial assistance hereunder has been repaid in full according to the terms thereof and, if such loan is secured, its security shall be subordinate and

inferior to the lien or liens securing the financial assistance hereunder;

"(B) Of the remaining 85 per centum of the aggregate cost, 35 per centum of the aggregate cost may be loaned by the Secretary under the terms of this Act and security for such a loan may be subordinate and inferior to the lien or liens which secure any loan or financing other than funds required by section 107(b)(8)(A).

"(C) Loans shall not be available hereunder unless other funds are available in an amount which, together with assistance provided hereunder and funds provided under section 107(b)(8)(A), shall be sufficient to pay such aggregate cost; and

"(9) No such loan shall be extended unless there shall be submitted and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency instrumentality, or local political subdivision thereof, that the project for which loans is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

"AREA ASSISTANCE FUND

"SEC. 108. (a) There is hereby authorized to be established in the Treasury of the United States a revolving fund to be known as the area assistance fund (hereinafter referred to as the 'fund'), which shall be available to the Secretary for the payment of all obligations and expenses in connection with the loans authorized under section 101(b)(2).

"(b) When requested by the Secretary, advances shall be made to the fund from the appropriations made therefor. There is hereby authorized to be appropriated for the purpose of making advances to the fund, without fiscal year limitation, an amount not exceeding \$50,000,000.

"(c) Receipts arising from the loan program shall be credited to the fund.

"(d) Any moneys in the fund determined by the Secretary to be in excess of current needs shall be credited to the appropriation from which advanced to be held for future advances to the fund.

"(e) There shall be paid into miscellaneous receipts of the Treasury at the close of each fiscal year interest on advances to the fund at a rate which shall be determined by the Secretary of the Treasury after taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to loans made by the Secretary.

"(f) Contributions shall be made from the fund to the civil service retirement and disability fund, on the basis of annual billings as determined by the Civil Service Commission, for the Government's share of the cost of the civil service retirement system applicable to employees (and their beneficiaries) performing activities authorized under section 101(b)(2). Contributions shall also be made to the employee's compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees performing activities authorized under section 101(b)(2). The annual billings shall also include a statement of the fair portion of the cost of the administration of the respective funds, which shall be paid by the Secretary into the Treasury as miscellaneous receipts.

"BUDGET AND AUDIT

"SEC. 109. In the performance of and with respect to the functions, powers, and duties vested in him by section 107 of this Act, the Secretary shall—

"(a) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Govern-

ment Corporation Control Act, as amended; and

"(b) maintain a set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That the Secretary, with respect to the program of financial assistance authorized by section 101(b)(2), shall determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

"AREA ASSISTANCE ADMINISTRATOR

"SEC. 110. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Assistance Administrator in the Department of Commerce, who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary may assign.

"POWERS

"SEC. 111. In the performance of, and with respect to, the functions, powers, and duties vested in him under this Act, the Secretary may—

"(a) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties;

"(b) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

"(c) under such regulations as he may prescribe, make such findings and determinations as may be required for the proper administration of this Act and such findings and determinations, together with those required to be made by the Secretary of Labor pursuant to section 102, hereof, shall be final and shall not be subject to review in any court by mandamus or otherwise: *Provided*, That with respect to the validity, effect, and enforcement of section 101(b)(2) hereof or security taken thereunder, statutes, rules, and regulations pertaining generally to suits by and against the United States shall be applicable;

"(d) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

"(e) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

"(f) pursue to final collection, by way of compromise or other administrative action prior to reference to the Attorney General, all claims against third parties assigned to the Secretary in connection with loans made

by him. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Secretary deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Secretary pursuant to the provisions of this title, may be exercised by the Secretary or by any officer or agent appointed by him for the purpose;

"(g) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 101(b)(2) of this Act; and

"(h) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or securities acquired under the provisions of this title: *Provided*, That no attorney's services shall be produced by contract in any office where an attorney or attorneys are or can be economically employed full time to render such service.

"ADVISORY BOARD

"SEC. 112. To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Assistance Advisory Board, hereinafter referred to as the 'Board', which shall consist of the following members, all ex officio: The Secretary, as Chairman, the Secretaries of Agriculture, Health, Education, and Welfare, Labor, and Treasury, the Administrators of the Housing and Home Finance Agency and of the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the Executive Branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

"DEPOSITARIES AND AGENTS

"SEC. 113. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Secretary in the general performance of the powers conferred by this title. Each Federal Reserve bank shall be entitled to be reimbursed for all expenses incurred as such fiscal agents. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, may act as custodians and depositaries for the Secretary.

"PENALTIES

"SEC. 114. With respect to financial assistance authorized by this Act:

"(a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(b) Whoever, being connected in any capacity with the Secretary (1) embezzles, ab-

...supplies any
stracts, purloins, or willful other things
moneys, funds, securities, or pledged
of value, whether belonging to (1) with
or otherwise entrusted to or (2) with
intent to defraud the Secretary individual,
body politic or corporate, auditor, or ex-
or to deceive any officer makes any false
statement of the Secretary's statement of
entry in any book, report, or being duly
or to the Secretary, or for or issues, puts
authorized, draws a note, debenture, bond,
forth, or assigns a draft bill of exchange,
or other obligation, or decree, thereof, or
mortgage, judgment, or decree, thereof, or
judgment, or decree, thereof, or
participates,
(3) with intent directly or indirectly any
shares, receives property, or benefit through
money, profit, plan, commission, contract,
any transaction, of the Secretary, or (4)
or any other actized information concern-
gives any unauthorized or plan of the Secretary
ing any future act, the value of securities,
which might acknowledge, invests or specu-
or, having such indirectly, in the securities
lates, directly or indirectly, in the securities
or property of or other assistance from the
receiving loan be punished by a fine of not
Secretary, \$10,000 or by imprisonment for
more than five years, or both.

(c) As used in this section, the term
'Secretary' shall mean, with respect to the
lending activities of the Housing and Home
Finance Administrator authorized under this
Act, the Housing and Home Finance Admin-
istrator.

"USE OF OTHER FACILITIES

"SEC. 115. (a) To avoid duplication of ac-
tivities and minimize expense in carrying out
the provisions of this Act, the Secretary shall
to the extent practicable and with their con-
sent use the available services and facilities
of other agencies and instrumentalities of
the Federal Government on a reimbursable
basis.

"(b) Departments and agencies of the Fed-
eral Government shall exercise their powers,
duties, and functions in such manner as will
assist in carrying out the objectives of this
Act. This Act shall be supplemented to any
existing authority and nothing herein shall
be deemed to be restrictive of any existing
powers, duties, and functions of any other
department or agency of the Federal Gov-
ernment.

"CONSULTANTS

"SEC. 116. The Secretary is authorized to
obtain services as authorized by section 15
of the Act of August 2, 1946 (5 U.S.C. 55(a)),
at rates not to exceed \$75 per diem for in-
dividuals.

"ANNUAL REPORT

"SEC. 117. The Secretary shall make a com-
prehensive annual report of his operations
under this Act for the fiscal year ending on
the preceding June 30, to the President, for
transmission to the Congress as soon as prac-
ticable in each year, but in no case later than
the third day of the following January.

"AUTHORIZATION FOR APPROPRIATIONS

"SEC. 118. In addition to appropriations
specifically authorized by sections 106 and
108, appropriations are further authorized for
the carrying out of other provisions and pur-
poses of this Act.

The PRESIDING OFFICER. The
question is on agreeing to the amend-
ment in the nature of a substitute of-
fered by the Senator from Illinois [Mr.
DIRKSEN].

Mr. CAPEHART. Mr. President, I
should like to ask the Senator a question.
The amendment is the same as the bill
which was considered by the Senate
Committee on Banking and Currency, in-
troduced by the able minority leader, the
Senator from Illinois [Mr. DIRKSEN], is
it not?

Mr. DIRKSEN. The Senator is cor-
rect.

Mr. CAPEHART. It is normally called
the administration bill?

Mr. DIRKSEN. The Senator is cor-
rect.

Mr. CAPEHART. The amendment is
a complete substitute for the pending
bill, is it not?

Mr. DIRKSEN. The Senator is cor-
rect.

Mr. CAPEHART. And the amendment
is the pending question?

The PRESIDING OFFICER. The
question is on agreeing to the amend-
ment offered by the Senator from Illinois
[Mr. DIRKSEN].

Mr. DOUGLAS. Mr. President, I ask
for the yeas and nays on the pending
amendment.

The PRESIDING OFFICER. Is there
a sufficient second?

The yeas and nays were ordered.

Mr. LANGER. Mr. President, I was
a cosponsor of S. 722, a bill to establish
an effective program to alleviate condi-
tions of substantial and persistent unem-
ployment and underemployment in cer-
tain economically depressed areas. I now
offer an amendment intended to be pro-
posed by me which states as follows:

On page 6, line 13, after the period,
add the following new sentence:

The Administrator shall also designate as
rural redevelopment areas each State the
civilian income from manufacturing of which
is less than 50 per centum of the average
income from manufacturing of the States of
the United States.

The reason for my offering the amend-
ment is that the amendment would defi-
nitely be beneficial to 13 States whose
civilian income from manufacturing is
less than 50 percent of the national aver-
age. Those States and their percentage
of income from manufacturing are as
follows: North Dakota, 3.1 percent; Ne-
vada, 5.3 percent; South Dakota, 6.8 per-
cent; Wyoming, 8.5 percent; Montana,
10.1 percent; New Mexico, 10.2 percent;
Florida, 10.9 percent; Arizona, 11.4 per-
cent; Nebraska, 14.1 percent; Colorado,
14.6 percent; Utah, 14.8 percent; Idaho,
14.8 percent; and Oklahoma, 15.4 per-
cent.

Mr. President, I have received corre-
spondence from the Honorable Lawrence
A. Schneider, director of the Economic
Development Commission, State of North
Dakota, in which he urges the adoption
of the proposed amendment. He states:

If the amendment and the bill are passed,
it would make possible the borrowing of
funds by our States and communities so that
they, too, could interest and develop the
expansion of manufacturing into the above
13 States.

Mr. President, this bill is a resubmis-
sion of the depressed areas bill of the
recession. However, I should like to im-
press upon my colleagues that when this
bill was introduced in the previous ses-
sion, our Nation was on the road to one
of the highest levels in the history of our
economy. The gross national product
and the earnings of our people generally
were going up and did reach their highest
level after the depressed areas bill was
reintroduced in the 85th Congress on
January 29, 1957. If there was—and be-

yond doubt there was—a great need for
such a measure as a depressed areas bill
in 1956-57, there certainly is a far
greater need today when we are about
to vote on this bill, since we all know
that our Nation has been in the throes
of a recession, which became evident
in March 1958, when unemployment
reached a peak of over 6.5 million peo-
ple—a tremendous increase in unem-
ployment over the time when the bill
was introduced in the 84th Congress and
reintroduced in the 1st session of the 85th
Congress.

More than a decade ago, Congress
recognized its responsibility to utilize the
country's resources and shape its policies
to establish conditions which would as-
sure that maximum employment, pro-
duction, and purchasing power would
prevail throughout the United States.
The Employment Act of 1946 was passed
with this thought in mind. However, in
view of this legislation and in view of the
tremendous surge of our national econ-
omy through 1956 and into 1957, there
still remain a large number of communi-
ties that fail to share in the prosperity
which has prevailed generally through-
out the country. Chronic unemployment
and underemployment of the type
weighing upon so many American cities,
communities, and rural sections tend to
stifle the economic life of entire areas.
This, of course, has an impact on com-
munity institutions and living standards
of many persons. It affects their educa-
tion, health, and welfare problems.
This, of course, increases the taxpayer's
burden for welfare and assistance costs.

I strongly believe that Senate bill 722,
with my amendment will provide for re-
development of these areas by providing
a flexible and adaptable program to meet
the needs of the many communities, both
industrial and rural, which have suf-
fered from chronic unemployment and
underemployment. My great State of
North Dakota and other States of similar
size and population will receive great
benefits from my proposed amendment
which provides that—

The administration shall also designate as
"rural development areas" each State the
civilian income from manufacturing of which
is less than 50 percent of the average income
from manufacturing of the States of the
United States.

Mr. President, I am certain that after
all the facts in the matter are seriously
considered, the Members of the Senate
will vote favorably on S. 722 and my pro-
posed amendment.

Mr. President, I ask unanimous con-
sent to have printed in the body of the
RECORD a letter dated March 17, 1959,
which I have received from Martin N.
Gronvold, director of the North Dakota
Unemployment Compensation Division.

There being no objection, the letter
was ordered to be printed in the RECORD,
as follows:

NORTH DAKOTA WORKMEN'S
COMPENSATION BUREAU,
Bismarck, N.Dak., March 17, 1959.

The Honorable WILLIAM LANGER,
U.S. Senate, Washington, D.C.

DEAR SENATOR LANGER: In response to your
letter of March 12, please be advised that
insured unemployment averaged 10.4 per-

cent in North Dakota for the week ending February 21, 1959.

The areas having the highest percent of unemployment were:

1. Mandan area—21.9 percent. (Includes the counties of Grant, Mercer, Morton, Oliver, and Sioux.)

2. Jamestown area—14.7 percent. (Includes the counties of Dickey, Foster, La-Moure, Logan, McIntosh, Stutsman, and Wells.)

3. Bismarck area—11.8 percent. (Includes the counties of Burleigh, Emmons, Kidder, McLean, and Sheridan.)

4. Minot area—11.5 percent. (Includes the counties of Bottineau, McHenry, Pierce, Renville, Rolette, and Ward.)

5. Grand Forks area—10.3 percent. (Includes the counties of Grand Forks, Steele, and Traill.)

By way of comparison, the Fargo area, which includes only Cass County, had an insured unemployment rate of 4.2 percent.

I should stress that the above rates of unemployment relate only to those workers which are covered by unemployment insurance, which in North Dakota includes only those nonagricultural establishments which have four or more employees. While we have no information available regarding agricultural employees, it is assumed that the rate of unemployment among this group of workers would be much higher than that of nonagricultural employees at this time of the year.

As you know, the large part of our unemployment problem stems from the seasonality of our economy. Each year our rate of insured unemployment will range from one of the lowest in the United States in the summer months to one of the highest during the winter months.

If we can be of any further service to you in this connection, please do not hesitate to call upon us.

Sincerely yours,

NORTH DAKOTA UNEMPLOYMENT
COMPENSATION DIVISION,
MARTIN N. GRONVOLD, Director.

Mr. DOUGLAS. Mr. President, I assume the time consumed by my friends and colleagues from Illinois, North Dakota, and Wisconsin will not be taken from the time of the Senator from Connecticut.

The PRESIDING OFFICER. That is the understanding of the Chair.

The Senator from Connecticut is now recognized for 30 minutes.

Mr. DODD. Mr. President, for the past 20 years our country on the whole has enjoyed a prosperity previously unknown anywhere in the world.

To be sure, there have been three serious recessions during this period. Fortunately, their effect was limited, and we have succeeded in avoiding a major depression. But millions of our fellow Americans, living in many areas of the country, have not shared in this growing prosperity. For them there has been nothing but hard times, which have lingered on year after year.

As the general level of economic well-being has improved, conditions in these areas have continued to deteriorate.

The blight of chronic unemployment has spread its withering tentacles across whole regions of this country.

In West Virginia 300,000 families have been reduced to such a point that hunger is a day-to-day reality and in many cases only the distribution of Federal surplus foods is preventing actual starvation.

In Pennsylvania alone, almost a million people are dependent on these surplus food distributions, inadequate and deficient as they are.

In Kentucky, large areas are slipping into a swamp of poverty and despair that is as bad and in some cases worse than the darkest days of the 1930's.

In New England, economic disaster has spread from one textile center to another, leaving mass unemployment, ruined towns, and depressed conditions in its wake.

And so the story goes in other pockets of permanent depression spread throughout the country.

Each of these depressed areas is an economic cancer eating away at the fabric of our national prosperity. These regions could be contributing richly to the wealth of our country, furnishing markets for goods, providing sources of national strength, and adding greatly to our productive power. But instead, they constitute a source of national weakness and of economic loss; and they lay a heavy toll on our whole economy.

Of far greater importance, however, is the price paid in terms of human misery, of ruined lives, of broken families, of lost opportunities, of ignorance and of degradation which inevitably accompany grinding and prolonged poverty. The extent of this impoverishment in depressed areas has been documented again and again in this Chamber by other Senators. In a series of memorable speeches, the distinguished Senators from West Virginia [Mr. BYRD and Mr. RANDOLPH], day in and day out have brought before the Members of the Senate the tragic situation in West Virginia and other areas. Other Senators have done the same. The facts are all in the record. We can no longer plead ignorance.

We know these conditions exist. And we know that in this great land of plenty there is no justification for allowing such conditions to continue. There is no excuse for it, economically, politically, or morally.

The Douglas area redevelopment bill proposes a many-pronged attack on the problem of depressed areas. It calls for the establishment of a Federal agency, which working in close cooperation with local authorities and private industry, would provide a wide variety of assistance to these regions.

Under the provisions of the Douglas bill, S. 772, Federal loans would be available for the establishment of industry in depressed areas. The bill calls for additional loans for building public facilities necessary to the establishment of industry, such as sewers, roads and drainage systems. And direct assistance grant for the construction of other public facilities are included; in order that conditions in depressed communities may be made more livable for their people, and more attractive for outside industry.

Technical advice would be furnished to local communities by competent authorities; programs to teach the unemployed new skills would be set up. Subsistence would be provided for workers learning these skills. Thus, these com-

munities would work out their problems given the tools to What of their problems.

million in loans? The cost is \$300 with interest. That would be paid back Federal grants. The cost is \$89 million for

This is a small price to pay for help compared to the prosperity when coming. In 1958, the cost of continuing poverty. pensionation payments for employment compensation \$4½ billion. Represent all sources was pointed out that if the PATMAN has depressed areas could be employment in national level of unemployment, the saving of \$450 million annually in unemployment compensation. The cost of payments would be effected. The cost of supplying Federal surplus food distribution to areas of high unemployment is estimated to \$1.2 billion during the past 6 years. These are only small index of the total cost which we shall be adding to the total upon ourselves if we refuse to take action to overcome chronic unemployment.

The Douglas bill proposes the same kind of assistance to our own people that we have been providing at a cost of billions of dollars to peoples all over the globe. We have before us what I call a point 4 program for aid to depressed and underdeveloped areas of our own country. Many of those who oppose this bill, support foreign aid, as I do; and I say that what is right for the peoples of other countries is right for the people of our own country.

A number of objections have been raised against this depressed area legislation. It is argued that this is not a task for the Federal Government; that Federal funds should not be used to aid in the establishment of private enterprises; that new jobs created in depressed areas are jobs taken away from prosperous areas; that for geographical or economic reasons, large areas of the country will inevitably suffer permanent depressed conditions; and that the answer to this problem is not Federal aid but mass migration of the populations involved to more prosperous regions. And it is said that, although the present program may be a modest one, it is bound to expand in years ahead, and therefore, it should be strangled in its infancy.

In the face of the gravity of the problem of depressed areas, the enormity of the suffering involved, and the tragedy of the loss in human and economic terms, these arguments seem to me narrow and flimsy, even if they were in some respects valid. But I do not think they are valid.

Why is this not a proper and legitimate area for Federal endeavor?

The problem involves millions of people in a score or more of States. It is a problem too vast to be solved by individuals or by local or State governments. And the continuation of these conditions involves an injustice which can no longer be tolerated by the American people.

The need for Federal help is clear. The means for Federal help are at hand. The responsibility can no longer be avoided.

We cannot accept the reasoning that a new job in a depressed area is a job taken away from some other area. Such reasoning assumes that we have a static economy, that there is a fixed number of jobs, a number far below the available manpower.

The advocates of depressed-area legislation believe in the concept of a growing economy, sometimes called an expanding economy. We believe that new jobs create other jobs; that grinding poverty in one place endangers prosperity in all places; and that in the long run, progress and economic growth anywhere helps us everywhere.

The idea of mass migration for the unemployed may seem appealing to someone sitting in a comfortable office surrounded by charts and graphs, someone to whom unemployment and poverty are mere statistics. But when one goes out into the depressed areas in Connecticut, Pennsylvania, West Virginia, and other States, he immediately sees the absurdity and cruelty of this suggestion. Vast areas of the country are involved. Millions of people are involved—people who, in most cases, are relatively unskilled, or people whose skills are no longer in demand. Where will they go? Can whole counties and regions be abandoned? To ask these questions is to answer them.

All of the areas covered by the bill were at one time growing and prosperous. All of them have been in the past a source of national strength and of economic strength. We believe that they can be again and that they will be, if only we give them a chance.

Some agree that the program being discussed today is modest and acceptable, but they say it is bound to expand and become extravagant and that, therefore, it should be choked off before it gets started.

If we were to apply this philosophy to every grave problem before us, our country would soon become paralyzed. We cannot refuse to attempt to solve the problems of our time because we fear the incompetence and extravagance of future administrations or future Congresses. We can only try to meet effectively the demands of our time and our hope that our successors will do the same in their time.

There are other objections which I cannot deal with properly in the limited time available but I can say this: To those who oppose this bill on the grounds that it is too small to do what it advocates hope it will do, we say, "Come forward with your amendments and proposals to make this bill more effective and greater in scope and we will support them."

To those who say that the bill is unfair because it deals with only a certain portion of the unemployed, to the exclusion of others, we say, "Join with us on this bill; and then bring forward your own suggestions for helping the unemployed you refer to, and we will join with you."

To those who say that the bill is administratively unworkable, we say, "Come forward with proposals that will make it more workable and we will support them."

Opponents of this type of legislation in my own State have raised doubts as to the effectiveness of the Douglas bill as far as Connecticut is concerned. Some go further, and say that the bill could have an adverse effect on Connecticut through encouraging a shift of industry to other States that would otherwise have remained in, or located in, Connecticut.

I dispute this contention.

Connecticut has a real and a continuing need for this proposed legislation. We have almost 100,000 unemployed workers. All our industrial cities will soon become eligible for aid if depressed conditions continue. This is one of the strange features of the situation. The cities of Bristol, Danielson, and Norwich already qualify. In a few months, based on present unemployment figures, Ansonia, Bridgeport, Meriden, New Britain, and Torrington will become eligible for some form of aid. And 4 months later, Middletown, New Haven, Thompsonville, Waterbury, and Willimantic will qualify.

These cities form the industrial heart of Connecticut; and I cannot understand opposition to this bill on the grounds that it would provide only insignificant aid to our State. Nor do I believe that this bill will result in a loss of industry to other States.

I share the belief of Governor Ribicoff of Connecticut that because of the proximity of our State to the great markets of the Northeast, Connecticut stands to gain greatly from the establishment of branch plants, if only some extra inducements can be provided, inducements which are provided in the Douglas bill.

I have been urged to oppose this bill on the grounds that some States will obtain greater assistance than will Connecticut. This argument, which is not a new one, but which has often been used, is advanced often in a State such as mine, which has high standards of per capita income, health, education, and public facilities. It does not seem to matter whether the question is highways, education, urban renewal, unemployment compensation, or something else; someone is sure to point out that Connecticut is better off than many other States, and that therefore we should oppose any Federal help anywhere in the United States until other States have drawn even with Connecticut. I reject this view: It runs against the grain of my political philosophy, and as a practical matter it gets Connecticut nowhere.

Certainly we are more fortunate than many other States in many fields. I do not say this boastfully, but rather because I have a point to make. However, we also have problems which we cannot solve without the help of other States. We will not get such help, and we will not deserve it, if we adopt a selfish, narrow attitude toward the needs of our sister States.

I believe I have documented the fact that Connecticut has great need for depressed area legislation and stands to benefit greatly from its provisions. I have pointed out that Connecticut has al-

most 100,000 unemployed and that factories are closed in every one of our industrial cities. But even if there were not a single unemployment worker in Connecticut, even if there were not a single factory or shop shut down, I would still support this bill because it is good for the country. If there are Representatives in this Chamber from States that have no economic problems, surely they cannot be indifferent to the plight of millions of their fellow Americans.

The depressed areas of today were once thriving. The thriving areas of today and this is something to remember—may someday be depressed. We cannot go wrong by doing what is good for the whole country.

Long ago we, as a Nation, decided that Federal funds should be used to combat economic problems which were national in scope. I do not believe anyone questions that decision now. There is no longer any fundamental division between our two political parties on this question. Both the administration and Democratic congressional leaders have submitted programs for aid to depressed areas. Therefore, we need not argue the appropriateness and feasibility of Federal aid in this case. That question has been decided and is now, for all practical purposes, a closed issue.

The question before us is which proposal for Federal aid to depressed areas shall we adopt? I support the Douglas bill, S. 722. I support it because it is broader in scope, because it provides more assistance, and because it provides better organization and better tools to accomplish an enormous responsibility.

For many years the great senior Senator from Illinois [Mr. DOUGLAS] has acted as the conscience of the Nation in keeping before us the plight of the forgotten men of our time, the victims of depressed areas.

I have watched for many years with growing admiration the way in which month by month and year by year the Senator from Illinois [Mr. DOUGLAS] has kept the plight of the people of the depressed areas before the Nation and has, bit by bit, won approval for his enlightened program. The Senator from Illinois has walked a long and, I think, a lonely road that has been filled with disappointments. He has seen his bill passed by the Senate and fail in the House. He has seen it passed by both Houses, only to be vetoed by the President.

I hope and believe that we are now on the threshold of final victory for depressed area legislation.

I am glad that the Senator from Illinois is on the floor. Let me say to him and to my other colleagues on the floor that as each depressed area of our country is converted to a prosperous and thriving community, it will be only another monument to the foresight, the courage, and the perseverance of the great man who is the father of the legislation before us today. I congratulate the Senator from Illinois and I wish to say of him publicly what I often feel privately. The whole country is the better and the stronger for having this remarkable scholar, this dedicated hu-

manitarian, and this true statesman in the United States Senate.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. DODD. I yield.

Mr. DOUGLAS. First, I wish to thank the Senator from Connecticut for his very generous statements about me, which are undeserved but which I appreciate very much. I congratulate the Senator from Connecticut for the very broad and statesmanlike attitude he is taking. Is it not also true, as the Senator from Connecticut has stated, that the pending bill would be of present benefit to a number of Connecticut areas which would be eligible for assistance, notably the Bristol, Danielson, and Norwich areas?

Mr. DODD. Yes.

Mr. DOUGLAS. Is it not also true that the current rate of unemployment in such large industrial centers of Connecticut as Bridgeport, New Britain, New Haven, and Waterbury is above 6 percent?

Mr. DODD. Yes.

Mr. DOUGLAS. Unless conditions are improved very greatly in the near future, these same areas will be in need of assistance. Is that not true?

Mr. DODD. Yes. That is correct. I brought that point out in my statement a few moments ago. It appears from the best evidence available that these areas will be eligible very soon.

What is significant, I believe, is the fact that the areas where unemployment is occurring are not areas which have been affected or are now affected primarily by cycles of unemployment or seasonal unemployment. There is something far more at fault. It has been a paralyzing fault. I wish I could take my colleagues to the northeastern section of Connecticut to which I am referring. I am not speaking rhetorically or overstating the case when I say that we have experienced hard times in these areas. These people are not able to help themselves. Many of them are people with skills which are no longer usable. Unless something of this kind is done for them they will be cast on the trash heap of life, so to speak.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DODD. I shall be glad to yield as soon as I have finished my comment in further answer to the question of the Senator from Illinois. We have this condition in parts of Connecticut. However, I hope the Senator from Illinois heard me say also that if not even one man or woman was out of work in Connecticut in one factory or shop, I would still be in favor of the bill, because it is in the best interest of the whole Nation. We are one Nation, we are one Union and we must think and act as one united people. The times, the conditions, and the welfare of all require, yes demand, that we cast off our narrow, ancient attitudes and pull together at home, even as we are urging our friends to do with us abroad.

I heard the Senators from West Virginia [Mr. BYRD and Mr. RANDOLPH] describe to the Senate day after day the

plight in their State. I have heard the same situations described by others. My State has been prosperous. Generally speaking, it has made great advances. However, I do not believe we should view the general situation in that light. All of us should be deeply distressed by the plight of the people in our sister States. What I have said about the situation is right. What is good and what is salutary for the country—and this is a great, dynamic program—will prove in some considerable measure the solution of many of our serious economic troubles.

Mr. DOUGLAS. Mr. President, will the Senator yield further?

Mr. DODD. I yield.

Mr. DOUGLAS. While it is true that the exurban county of Fairfield is a prosperous county, where prosperous New Yorkers live, and while it is true that the great insurance city of Hartford is prosperous, nevertheless, as the Senator from Connecticut has brought out, even within the generally prosperous State of Connecticut there are areas of great need. Is that not correct?

Mr. DODD. Yes; mine is a small State but it is a great and strong State. Geographically, it is a very small State. Nevertheless, it has pockets of unemployment, even though much of our State is prosperous. I shall be glad to yield to the Senator from Indiana [Mr. CAPEHART] now if he wishes me to yield. If not, I am ready to yield the floor.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. DODD. I yield.

Mr. BYRD of West Virginia. I compliment the junior Senator from Connecticut on having made a very clear and cogent analysis of the purposes of the bill. I am very grateful to him for his reference to the situation which exists in my State of West Virginia. I am very much pleased that he and other Senators have continued to recognize the situation which confronts my suffering State every day.

I appreciate the fact that the junior Senator from Connecticut has rendered a very great service today not only to the people of his State, but also to all the people of the country. I especially commend him for taking the exemplary position that were there not a single unemployed person in his State of Connecticut, he would favor the bill. Someone has said:

There is a destiny that makes us brothers;
No one walks his way alone.
All that we send into the lives of others
Comes back into our own.

I think the Senator from Connecticut has taken the position which today all Americans should take. I feel certain that every Member of the Senate will take that position. Some of us may not see eye to eye on the bill. Perhaps there is a considerable area of disagreement about the purposes of the bill or about the results which will accrue from it. Nevertheless, I believe every Senator feels as does the Senator from Connecticut about his country.

I again congratulate the Senator from Connecticut.

Mr. DODD. I thank the Senator from West Virginia.

Mr. DOUGLAS. Mr. President, I yield 5 minutes to the junior Senator from Alaska on the bill.

Mr. GRUENING. Mr. President, the bill, S. 722, now before the Senate, tends, as do so many economic measures, to become beclouded in a welter of economic statistics, charts, and tables.

I concede, of course, that these are necessary in order that we may be in a position to judge the economic impact of such measures.

But we should never overlook the fact that what is involved also is the ability, or lack of ability, of men, women, and children to feed, clothe, and house themselves. We are talking about our fellow American citizens who, although trying desperately to find work, cannot do so and who then face the heartrendering problem of wives and children at home who are cold and hungry.

When the acting Governor of Alaska telegraphs me, as he has, that unemployment in Alaska is 20 percent of the working force, that cold statistic has great and sobering economic significance. But it has even greater impact when translated into specific examples of the human want and misery which it represents.

It would be well, Mr. President, as we debate the merits of S. 722 and of the proposals which are made to cut back drastically on the size of this economic shot in the arm, to keep clearly in mind that what we do here will be directly translated into food, clothing, and shelter.

This, then, is what our discussions about area redevelopment, about unemployment compensation, or about the myriad of economic measures which will come before us during this session amount to in real terms.

We are discussing measures which will prevent men, women, and children from going hungry, from being inadequately clothed—and all this in an America about whose might and wealth we justly boast.

The needs which S. 722 seeks to meet are acute and compelling.

This is self-help on a new and enlightened scale. The appeal to statesmanship in S. 722 is not in the relief it offers, however vital that is. Neither does its appeal lie in its potential as a cure for a lingering economic evil which has struck some areas of the United States even during a period of relative prosperity.

For me, the appeal of S. 722 is that it seizes upon an economic ill, traces it to its source, and, while eliminating the cause of the ailment, replaces it with new and effective materials for growth and success.

This has, of course, a very special meaning for Alaska which still retains many of the qualities of strength combined with underdevelopment that we commonly associate with the American frontier. Alaska is now an integral part of the American Union. Its possibilities for growth and the promise of contribution to the Nation's total wealth are beyond anything known to American history since the Louisiana Purchase.

Those who are indulging in the present budget balancing obsession regardless of consequences make their biggest mistake when they seek to strike down any proposal for Federal financial commitment greater than that contained in the President's budget without regard to the purpose of the proposed expenditure.

There is a vast difference in how we view, or should view, capital investments as opposed to expenditures for day-to-day operating expenses.

Senate bill 722 should, as a matter of fact, have great appeal to the budget balancers, because it seeks, through capital investments, to increase America's productivity.

This is a wealth producing, not a wealth exhausting, proposal.

It is no secret that there is incomparable potential treasure in fisheries, in minerals, and in industry in Alaska. But for years the treasures in my State have been permitted to rest neglected and remain fallow for lack of use and development. Had they been aided in development, the results would now be showing up in increased tax revenues and in increased gross natural product. As it is our fishing communities are in a disastrous plight, a result in large part ascribable to the mismanagement of the Federal agency which has had our once great fishery under its exclusive control. Our fishing communities badly need the help which this depressed areas will afford.

It is similarly a case of bad statesmanship to permit decay and bankruptcy to strangle whole regions inside the borders of our own States which have already been developed. To permit an economic ghost to seize upon what had once been a prosperous and productive area and reduce it to economic decay is unconscionable indecision.

Yet all that is proposed in S. 722 is economic help which, for the most part, will be repaid with interest. It is a businesslike plan, not a plan derived from motivations of sentiment without regard for the economic facts of life.

The regions to be helped are already equipped with the materials for rehabilitation: physical plan, industrial and commercial resources, and human beings whose dislocation could be immensely more expensive than having restored to economic health on location.

I urge us not to be men of little vision.

We should, I firmly believe, bear constantly in mind the words of the distinguished senior Senator from Kentucky [Mr. COOPER] who said in the Chamber on a recent evening that his reason for supporting S. 722 as reported was that it will take a bill of at least the sweep of this measure to make any impact upon those areas which today find themselves economically depressed, with Americans being forced to seek their daily bread from garbage cans.

Such a case was illustrated the other day by Walter Reuther, who told a moving story about a veteran in Detroit, a man who had served in Korea for 13 years. The man was out of work. He had vainly sought employment. He had exhausted all his unemployment com-

pensation and other resources. He was taking garbage out of a can. He was arrested for vagrancy.

When he went before the judge, he said, "I am not a vagrant. I have a home here."

He was asked what his home was. He said his home was a pup tent. He was asked how he could live in a pup tent in temperatures which had dropped, as they had in Detroit, to about 20 below zero.

He said, "I have a big shaggy dog I cuddle up with when it is that cold."

Mr. President, that did not happen in a foreign country; it happened in the United States of America. When there are examples like that, I do not see how we can hesitate to take very seriously the kind of action which will relieve such conditions and relieve them permanently.

I commend the junior Senator from Connecticut [Mr. DONN] for his very eloquent presentation on behalf of the bill, and for the very generous characterization he made of the senior Senator from Illinois [Mr. DOUGLAS] who is leading our battle for the bill.

Mr. President, I join with many of my colleagues in urging the Senate not to follow a policy of too little, too late. The times call for an all-out effort. If we provide less, we shall be shirking our responsibilities. We shall not be bringing to bear upon the problem the remedies called for, and which it is within our power to provide.

I hope most earnestly that the bill will pass without crippling amendments.

Mr. BUSH. Mr. President, I yield 5 minutes to the senior Senator from Vermont on the bill.

Mr. AIKEN. Mr. President, no one is more unhappy than I am to see unemployment, whether it be among individuals or in whole communities. No one would like to help cure this situation more than I would. However, I do not believe the bill before the Senate would have the salutary and beneficial effects which its promoters feel it would have.

The purpose of the bill should be to create new employment opportunities, rather than to transfer industries and jobs from one community to another.

This measure promotes industry seduction with Government assistance, which could create new depressed areas as old ones are eliminated.

There are, at present, no detailed area studies of the forces underlying chronic unemployment, so the administrator of the act would have to make discretionary judgments in favor of some areas and to the detriment of other areas.

Mr. President, the proposed legislation ignores the fact that American industry, like agriculture, is going through a technological revolution. The only real and lasting corrections will be found by industry itself, through research. Research produces new ideas for new things; and the resulting new demands must be filled by means of the creation of new industries and new jobs. The emphasis should, therefore, be placed on industrial research, rather

than simply on shifting plants from one locale to another. It would not be wise to move existing plants to new areas simply because the people of one area happen to be unemployed, and desire to have established in the area in which they live plants which presently are operating in other areas.

Mr. President, there are alternatives to this proposed legislation. I shall briefly review a few of them.

First. Instead of setting up a new bureaucratic agency to create more Federal jobs and, consequently, more Federal waste, any program of this kind should more properly be placed in the Area Development Division of the Department of Commerce. If that Division is not being conducted properly at the present time—although I believe this Division has done much good—Congress should see to that it does work properly. That Division already has had considerable experience in helping communities solve their economic problems, and I believe the work of the Area Development Division could efficiently be expanded to include large population areas.

Second. The basic Morrill Act legislation should be implemented by establishing an extension service for industrial development, along the lines of the present agricultural extension service.

Third. The rural assistance program under Senate bill 722 should be replaced by enlargement of the present rural development program of the Department of Agriculture. The latter would be far more adaptable to the depressed rural areas. Again I say that if the present rural development program of the Department of Agriculture is not working properly at the present time, Congress should take steps to see that it does work properly and adequately.

Fourth. Vocational training should be expanded, so that more skilled labor may be developed. That would enable individuals to sell their services more effectively, either in their own communities or elsewhere. At the same time, a skilled labor force is a specific asset in attracting new industry to a community or in generating new industry.

Fifth. The Small Business Investment Act is a good step toward filling the gap in our investment structure, which heretofore made it difficult for small businesses to obtain long-term credit and equity capital. The principles embodied in the pending legislation could be expanded in order to provide similar funds for the development of new industrial effort in areas of chronic unemployment.

Mr. President, if the Small Business Investment Act is presently not adequate to meet the need, Congress should see to it that that act is made adequate.

The PRESIDING OFFICER. The time yielded to the Senator from Vermont has expired.

Mr. AIKEN. Mr. President, will the Senator from Indiana yield an additional minute to me?

Mr. CAPEHART. Mr. President, I yield 1 additional minute to the Senator from Vermont.

The PRESIDING OFFICER. The Senator from Vermont is recognized for 1 additional minute.

Mr. AIKEN. I thank the Senator from Indiana.

Mr. President, a sixth alternative is that unemployment compensation benefits can be made more adequate either by the States or, in the event the States refuse to do so, by the Federal Government.

Personally, Mr. President, I think the formula for qualification, as set forth in the old Douglas bill, was vastly preferable to the one contained in the pending bill.

Mr. DOUGLAS. Mr. President, will the Senator from Vermont yield 1 minute to me?

Mr. AIKEN. Yes; if the Senator from Illinois will yield me an additional minute.

Mr. DOUGLAS. Mr. President, I yield an additional minute to the Senator from Vermont.

Let me say to him that what we did was adopt the criteria of the administration; but now the Senator from Vermont is reproaching us because we have adopted the Republican criteria. Evidently we cannot please him, no matter what we do.

Mr. AIKEN. Oh, yes; the Senator from Illinois can please me. He can please me by going back to the old Douglas formula, because I am just as much dissatisfied with the administration's formula as I am with the formula set forth in the pending bill. Neither of them is good. Under no foreseeable circumstances could any community in Vermont or New Hampshire qualify under the formula now advanced by the administration or under the formula contained in the new Douglas bill—which, unfortunately, is not as good as the formula contained in the old Douglas bill. All communities in Vermont would be subject to seduction by communities in other areas which now have unemployment, and thus could qualify under the formula of the pending bill.

The PRESIDING OFFICER. The additional time yielded to the Senator from Vermont has expired.

Mr. CAPEHART. Mr. President, I yield one additional minute to the Senator from Vermont.

The PRESIDING OFFICER. The Senator from Vermont is recognized for 1 additional minute.

Mr. AIKEN. Mr. President, it is possible that some communities in Massachusetts and Connecticut could qualify under the provisions of the pending bill. But, on the whole, I believe even they would lose more than they would gain if the bill were enacted, and if it were to go into effect.

Mr. President, I may vote for the administration bill as an amendment in the nature of a substitute for the Douglas bill. But if I do, I will not thereafter vote for the administration bill, on the question of final passage. I hope that this statement will make the Senator from Illinois feel better, because, from my standpoint, the administration bill has the same faults that the present

Douglas bill contains, with its unfortunate change in the formula.

The PRESIDING OFFICER. The additional time yielded to the Senator from Vermont has expired.

Mr. THURMOND. Mr. President—
Mr. CAPEHART. Mr. President, I yield 12 minutes to the able Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 12 minutes.

Mr. THURMOND. Mr. President, in May of 1958, the Senate considered Senate bill 3683, which contained provisions almost identical to those of Senate bill 722. At that time I spoke in opposition to those proposals; and my remarks at that time are equally applicable to the provisions of Senate bill 722. Therefore, I ask unanimous consent that my statement of May 13, 1958, be printed at this point in the RECORD as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT IN OPPOSITION TO SENATE BILL 3683, DELIVERED BY SENATOR THURMOND ON THE FLOOR OF THE SENATE ON MAY 13, 1958

Mr. President, the bill before this body today represents one of the longest strides toward state socialism that the Senate has considered in recent years. It is a step toward a system of Government-controlled industrial production in which efficiency is the least of the objectives. It is an attempt to defy the laws of economics. These are strong statements, and I shall elaborate on them in a few moments.

I congratulate the members of the committee who prepared the minority report. In a few short pages, they have pointed up more defects in the bill than I had thought conceivably could exist in one piece of legislation; yet, if they erred in their remarks, it was on the side of leniency.

As the minority report points out, the bill is plainly discriminatory. It would benefit only those living in certain arbitrarily designated geographic areas. Of the 4,494,000 unemployed in January 1958, according to the Bureau of Employment Security, only about 1 in 8 lived in the areas which would have been covered by the provisions of this bill had it then been in effect. The bill commits the Federal Government to a program of improving the economic welfare of the residents of these areas at the expense of the residents of other areas.

The bill also poses insurmountable administrative difficulties. The program overlaps existing programs in the Department of Commerce and the Department of Agriculture. It provides retraining subsistence payments to unemployed persons that are, for all practical purposes, supplements to the existing unemployment compensation programs; a supplement which lacks, however, the sound financial approach of existing programs. Efforts of State and local organizations in this field are brushed aside, apparently in the belief that in the spending of the Federal taxpayers' dollar lies the solutions to the problems with which these groups have been struggling.

One of the most unnecessary and abominable features of the bill is the part that undertakes to supplement the Community Facilities Act so recently passed by this body. To the billion dollars there authorized, the proponents would have us add authorization for additional funds to be administered by a different agency within the same agency.

This is administrative duplication turned back inside of itself, like a snake swallowing its own tail.

We should understand clearly that this is not a temporary program. The committee report sets that fact on the record plainly. It is a bill for the aid of chronically depressed areas, or, as the committee has said, those that "have suffered from a high level of unemployment and underemployment, year after year, in good times and bad."

There is a corollary to be drawn from this fact. The authorization for the outlay of \$380 million asked in this bill is only the beginning. It is highly unlikely that the sum will meet the immediate demand, and a dead certainty that it will not begin to meet the demand that will continue year after year.

The problem of chronically distressed economic areas is not a new one. We have always had areas which have been less prosperous, year in and year out, than other areas. It is a problem which has had the careful attention of many groups, in State and local government and in the business and financial community. Yet, significantly, the location of private industry is an area in which the Federal Government has no backlog of experience on which it can rely.

As for the portion of the program that deals with the revitalization of rural areas, I can only conclude that this portion of the bill was written in the hope that it would attract some support for this legislation in rural areas. It selects for rural redevelopment the 300 counties that appear to be, by the arbitrary criteria written into the bill, those most in need of developing. As it happens, these are primarily agricultural areas, and mainly in the southern part of the country.

In view of the setbacks which agriculture has suffered in recent years, it is important that more industries be located in our rural areas. The task of locating industries in our rural areas, however, should be the job of local communities, their development boards, their chambers of commerce, and private industry. The Federal Government should not be permitted to spend and lend the money of all the people for the purpose of favoring any one area over another with industrial development. This is another case of the right idea with the wrong approach.

All of these objections, and many others, the minority report clearly indicated. There are others which are not enumerated by the minority report.

An outstanding example is the inclusion of the Davis-Bacon wagefixing provisions in the bill. Surely we are not still unaware that this very provision has upset and damaged more local economies than this bill could possibly remedy, even were it feasible otherwise.

I am of the opinion, then, that the bill is discriminatory, administratively unworkable, and extremely expensive. These alone would be reasons enough for me to oppose it.

However, the main reason for my opposition, as I stated at the outset of these remarks, is that the program envisioned by this bill would encourage a system of State socialism, and the most inefficient form of socialism at that.

Mr. President, I was impressed particularly by two sentences in the committee report, in which the framers of the bill stated the manner in which money would be allocated for the construction of public facilities:

"The organization requesting the grant must contribute to the cost of the project in proportion to its ability to contribute. The grant would be limited to the amount necessary to assure completion of the project."

The same thought was put more succinctly by Karl Marx in 1875 in his famous maxim of communism, "from each accord-

ing to his abilities, to each according to his needs."

What are the roots of the problem? If an area is economically depressed, if the people there fail to make a decent living, year after year, there must be some reason for it. Chronic hard times do not happen by chance.

One of the principal reasons for chronic economic distress is the loss of industry because of technological changes. For example, at the present time, we find distress in some areas where the economy is dependent on the mining of coal. Some communities that have depended solely on the textile industry for their economic base have suffered by the impact of the long-term depression which that industry has suffered—with very little sympathy from the Federal Government—since the end of World War II. Several resort cities are on the list of the chronically afflicted; they do not have the industrial base which makes for a sound economy.

The stories are different in every case, but they all have one thread in common. The communities that are suffering the most are the ones that have lacked diversification in industry.

The problem suggests its own answer, and it is an answer which the sponsors of this bill have apparently seized without fully weighing the consequences. If a community lacks diversification of its economy, they have reasoned, let the Federal Government help it to diversify.

But why the Federal Government? There is no shortage of investment capital in the United States. Why do not American industrialists, with all of their supposed ingenuity and foresight, build plants in the areas where labor is in surplus? Why will they require the guidance and urging of the Federal Government?

I think we must face the harsh fact that there are areas which are, for one reason or another, unsuitable for further industrial development at this time. They may be too far removed from their natural markets, they may be lacking in raw material, the local tax structure may be unsound, or the local labor market may be priced too high to meet competitive conditions in a particular industry.

There are many reasons why an industrialist may not be anxious to move into a given community. Fortunately, local citizens can do much, by imaginative and concerted effort, to remove some of their handicaps. Industrial development boards are in operation in many communities. Local and State chambers of commerce play an important part. Local government, too, can encourage the advent of new industry by careful tax planning.

I will not deny that some communities are handicapped by natural factors that cannot be brought under control by human intervention.

Mr. President, the effect of S. 3683 is to give those economically ailing communities a transfusion of Federal money with the hope that it will bring about a cure.

The principal fallacy of the bill is that this kind of treatment does not strike at the roots of the malady. It merely eases the symptoms, and encourages the patient to return for further treatment over an indefinitely extended period of time.

The bill encourages industry to move into areas where it is not inclined to go, because, under normal circumstances, industry could not make a profit in those areas. I doubt that the bill, if passed, will be very successful in this endeavor. The inducements offered are not enough to bring a hard-headed businessman into an area in which he will operate under a serious handicap in competition with his competitors.

Indeed, the bill may have an effect of a kind opposite to that which is intended. One of the general problems of industry in

the United States is that we are at a point where Federal taxation threatens to dry up the reservoir of capital with which industry expands. The proposal to embark on this new program carries with it the clear implication that it will be supported and expanded through taxation. To the extent that the cost of the program falls on industry, it will inhibit the ability of industry to expand through its own efforts.

Assuming that the bill does achieve its purpose, to some limited degree, it will bring about new problems far worse than the ones it is supposed to solve. It will provide the stricken community with a hand-to-mouth existence, encourage it to borrow beyond its means for public construction, and, in the long run, encourage the development of an economy based on a Federal dole.

The end result of such a Federal policy can only be the senseless one of locating industry in the areas least suitable for its growth. This is no way to foster the economic development of the United States. We will all be better off—those in the chronically depressed areas as well as those in other areas—if we follow, in this country, a policy of locating industries in the places best adapted for industry.

The most effective way to aid areas where the economy is depressed is through measures that will stimulate the whole of our American economy. We need some revisions in our foreign trade and foreign aid programs, which have operated to the serious detriment of vital segments of American business. We need to practice strict economy in every department of Government, with the aim of removing some of the heavy burden of taxation with which our economy is saddled. We need to remove some of the heavy burden of Government regulation which requires the businessman to make a multitude of complex and expensive reports to a whole host of Federal agencies.

I am in sympathy with the residents of areas with chronic economic problems, but I am convinced that this legislation does not contain any solution to their dilemma. It could only frustrate the efforts being made to solve the problem on a sensible basis.

I do not favor socialism. Even if I did, I would not favor this bill. It is a socialistic bill with so many defects in it that even the dubious advantages of socialism would not be attained.

Mr. THURMOND. Mr. President, there can be no argument over the premise that the Federal Government has a definite responsibility in promoting the fullest possible employment. But there is as great a difference between a sensible implementation of this principle and the proposals of Senate bill 722 as there is between free enterprise and socialism.

Our government is uniquely designed to foster the operation of private enterprise, as distinguished from government enterprise. Our Constitution fairly shouts the word "opportunity," by enunciating the framework of a government with a minimum of the fetters of regulation. Our standard of living and our productivity are undeniable proof of the superiority of free enterprise as a means of providing material goods within the economic reach of the maximum number of people.

Involved economic theories are not necessary to explain the success of free enterprise under a system of government which permits it to exist. On the contrary, its success is obviously due to the fact that it provides an incentive for

efficiency in the form of profits, while insuring the elimination of inefficiency.

Efficiency, in this instance, can be said to be the ability to produce goods at a cost which the maximum number of people can afford to pay and are willing to pay. In the case of any industry which is a component of our economy, its efficiency is controlled by a great variety of variable factors. Three primary and initial prerequisites are capital, business judgment, and a market for the product produced. If we assume these to exist in sufficient quantities, the efficiency of the particular industry will depend on such factors, among others, as proximity to market and raw materials, cost of power, cost of labor, cost of raw materials, adequacy and cost of transportation, climate, and local and State fiscal policies and practices, not only as they apply to the particular industrial effort, but also as they apply to its competitors. These are some of the factors which will determine whether any particular industrial effort will succeed or fail; and, just as surely, they will influence the determination of the question of whether there will be substantial unemployment in the area of the industry's location.

To be efficient, and therefore competitive, industry must be responsive to changes in all these factors, and others, which affect its efficiency. A slow response can be fatal. In some instances, response is impossible—as, for example, where the market ceases to exist, or where available capital is sufficient to enable the industry to keep abreast of technological developments. Thus occur industrial failures and the resulting unemployment. Such unemployment can be permanently relieved only by the expansion or inauguration of other industry, often at a different location, in order to avoid the adverse factors which created the unemployment in the first place.

Business success is the answer to full employment; it can only lie through bold, confident, and rapid decisions by those who undertake the business venture, and then only when they have the capital to implement their decisions.

Our Government can best contribute to full employment by creating an attitude of confidence on the part of businessmen, and by adopting policies which will permit the existence of capital to implement that attitude.

Senate bill 722, is a step in the opposite direction. Our Government is ill equipped to substitute its judgment for that of the entrepreneurs who have built our free enterprise system. A representative, deliberative type of Government intentionally sacrifices efficiency and speed in the interest of stability and cautious protection of individual rights. Although ours is an ideal system for government, it is not at all capable of efficient operation of a business.

Nothing could prove the point more conclusively than Senate bill 722. Thousands of development boards have been created by States, cities, and communities; and most, if not all of them, have diligently set about creating the conditions conducive to industrial efficiency, so that industry, recognizing these as-

sets, would locate and thrive in the community. Senate bill 722, on the other hand, would substitute Government funds for the lack of conditions which would insure the ability of industry to be efficient and competitive. Not only would the subsidy of taxpayers' funds seek to promote the establishment of industry where it could not be competitive without subsidy, but it would discourage industries which finance themselves, and also those commendable efforts of development boards all over the country.

This Federal area redevelopment program would encourage communities to borrow funds unwisely, which they hope to repay from increased tax sources. True, employment may be temporarily boosted, but as soon as the competitive advantages created by the subsidy have been exhausted, the initial factors which left the community without employment in the first place will reassert themselves. The alternative will then have to be faced of either continuing the subsidy or leaving the community where it was, but for the additional burden of a staggering addition to the public debt.

We have an excellent opportunity to assist in securing full employment, although the course of fulfillment certainly does not lie through programs such as those proposed by Senate bill 722. On the contrary, it lies through the adoption of a policy of fiscal responsibility, and a reduction of Federal regulations, which bind our industrial sinews.

Our present program of fiscal unbalance neither encourages an attitude of business confidence, nor leaves much hope for the continued existence of the capital necessary for industrial expansion. Only by reducing Government spending to a figure within its income, can we encourage an attitude of confidence that the whims of legislators will not consume the very capital essential to industrial expansion. Only through the reduction of spending can we make possible a reduction in taxes—and if there be any doubt that this is the true course to industrial expansion, one need but look at the 8 percent increase in gross national product which followed the \$7.5 billion tax reduction of 1954.

If our industrial expansion is to continuously keep pace with our growing population, we must cease our unnecessary regulation of business, which now approaches a state of regimentation. We should continue, of course, to prevent abuses of the free enterprise system, but this does not necessitate the creation of burdensome reports and regulations which encumber every business effort and discourage new business ventures.

Mr. President, let us realize at this late hour, before it is too late, that the Government is contributing to unemployment, with its irresponsible deficit spending and its creation of unnecessary regulations, which apparently reflect a sort of hostility to business. Such socialistic schemes as S. 722 will only further compound the problem.

Mr. CAPEHART. Mr. President, I wish to correct the RECORD, and I am sure the able Senator from Illinois would

like to have me do it. The committee did not accept the administration's criterion. The committee accepted the administration's formula. The administration's criterion was 50 percent above the national average for 4 out of the 5 preceding years, 75 percent above the national average for 3 out of the preceding 2 calendar years, or 100 percent above the national average for 2 of the 1 preceding 2 years.

The bill, as the Senate is now considering it, provides a criterion of 50 percent above the national average for 3 of the preceding 4 calendar years, or 75 percent above the national average for 2 of the preceding 3 calendar years or 100 percent above the national average for 1 of the preceding 2 years.

The committee accepted the formula, but not the criterion.

Mr. DOUGLAS. We accepted the formula, but cut the period of time provided by 1 year in each case.

Mr. CAPEHART. I wanted to correct the RECORD because I was sure the Senator from Illinois would not want to leave the impression that the committee adopted word for word the so-called administration criteria. The committee adopted the formula. While I am against even the administration's criteria, I congratulate the Senator from Illinois for adopting the administration's formula. But the committee did not adopt the number of years proposed by the administration.

Mr. AIKEN. Mr. President, in discussing the proposed administration formula a few moments ago, I was referring to the formula applying to the benefits. When I read the criteria, I realized I was against the bill, anyway, as long as it contained those criteria.

Mr. CAPEHART. I was sure the Senator from Illinois did not want the RECORD to show that the committee had copied word for word the administration's criteria. The committee still took the formula.

Mr. DOUGLAS. Whenever the administration comes up with a good idea—which is not very often—we Democrats are very glad to accept it.

Mr. CAPEHART. It is too bad the Democrats did not accept more good ideas during the past 20 years. Perhaps the country and the people would be in a better position today.

Mr. DOUGLAS. But the Republicans have good ideas so seldom.

Mr. CAPEHART. We have had many ideas which have not had an opportunity to be put into practice during the last 20 or 25 years.

Mr. DIRKSEN. Mr. President, I make a point of no quorum, but I ask unanimous consent that the time taken in calling for a quorum be not taken from the time of either side. I think we should alert our colleagues, because, so far as I am aware, the first action taken will be on the substitute I have proposed. I shall not take much time on it.

The PRESIDING OFFICER. The clerk will call the roll and, without objection, the time taken for calling the roll will not be charged to either side.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, what is the pending question?

The PRESIDING OFFICER. Has the Senator yielded back his time on his amendment?

Mr. DIRKSEN. Mr. President, I think the pending question is the substitute amendment I offered, which is presently at the desk. Has the amendment been stated?

The PRESIDING OFFICER. It has been ordered printed in the RECORD.

Mr. DIRKSEN. Mr. President, for the benefit of the membership of the Senate, I do not propose to labor the question involved very long. The whole matter has been before the Senate and before the House of Representatives at other times. I wish to review only a little of the background, and a few highlights of the substitute.

In January of 1956—to be exact, the 9th of January 1956—the first administration bill on this subject was introduced by former Senator Smith of New Jersey. At that time 25 Senators joined in sponsorship of the bill.

There were two bills presented at that time. One was introduced by my distinguished colleague [Mr. DOUGLAS], which was referred to the Committee on Labor and Public Welfare, and I believe the Smith bill was referred to the Committee on Banking and Currency.

I testified with respect to the bill in January of 1956. At the time I pointed out that insofar as I knew, on the basis of data made available by the Committee on Labor and Public Welfare, there were eligible 10 major and 74 minor areas, embracing about 190 counties in the United States. Interestingly enough, 123 of the 190 counties are in 7 States. The reason for that was quite simple. The State of Illinois was one of the States. I think in the main our problems spring from the fact that in the coal areas mines have been abandoned because the cost of production is too high, or for other reasons, and so there has developed a chronic or semichronic unemployment condition. That is true in Kentucky, Illinois, and West Virginia.

The administration has certainly been mindful of the so-called distressed area problem, and prior administrations also have been mindful of it. I believe interest in the problem extends back to 1946, 13 years ago. There was area redevelopment activity in the Department of Commerce at that time under a sub-agency known as the Business and Defense Advisory Service. The program may have had another name at that time, but it does not make too much difference. The fact is that for the past 13 years, certainly, a variety of activities have taken place in that field. They took the form of surveys, the form of technical assistance to those areas, and the form of defense contracts.

I believe I pointed out in my remarks to the Committee on Labor and Public Welfare that some 25 defense facilities were located in those areas, at a total cost of nearly \$210 million.

I think it is very clear that over a long period of time there has been a manifestation of interest in the problem of chronic unemployment and the distress which besets some of the areas in which that condition has developed, because their resources and facilities at no time admitted of any high degree of industrial prosperity.

There were other aids and other activities as well. The Small Business Administration has been helpful. There was a program for rapid tax amortization to help facilities which would locate in such areas. There was the distribution of surplus food. There was also special advice and technical assistance given to the State development corporations, which were also mindful of the problem.

In another field, of course, the administration was mindful of the need for a rural development program. In fact, that was formalized after a number of individual conferences with officials of the Department of Agriculture.

Insofar as I can tell, the program which began in 1955 is now operative in 102 counties. In addition to that, the States on their own initiative have set up a corresponding program in another 80 counties. The program, therefore, is rather dynamic in character. It is moving along. It has almost doubled as the result of State initiative. Those areas have been receiving assistance and advice from the Agricultural Extension Service and the Soil Conservation Service, and also have been benefited by Farmers Home Administration loans.

Since the bill which was passed by both the House of Representatives and the Senate was vetoed by the President, I have introduced, and I support, the substitute amendment on which the vote will first occur, because it is an expression of the administration's viewpoint.

The criteria are rather simple. An area must have had an unemployment situation 50 percent above the national average for 4 of the last 5 calendar years; or 75 percent above the national average for 3 of the last 4 calendar years; or 100 percent above the national average for 2 of the last 3 calendar years; and there must have been unemployment in excess of 6 percent for that period of time. That is a reasonably simple criterion on which the administration proposal is based.

Mr. SCOTT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SCOTT. Am I correct in my understanding that the present status of S. 722, the Douglas bill, is that it includes the criteria from the substitute offered by the distinguished Senator from Illinois?

Mr. DIRKSEN. I am not sure the provisions are quite identical. I think some change has been made.

Mr. SCOTT. May I ask for clarification?

Mr. DIRKSEN. Yes. I think the senior Senator from Illinois can probably answer the question.

Mr. DOUGLAS. We have adopted the administration criteria, but we have cut the number of qualifying years back by one in each case.

Mr. DIRKSEN. That would mean the unemployment would have to be 50 percent above the national average for 3 out of the past 4 calendar years instead of 4 out of the last 5 calendar years.

Mr. SCOTT. That is the 50-percent provision.

Mr. DIRKSEN. Or 75 percent for 2 out of the last 3 calendar years.

Mr. DOUGLAS. Two out of the last 3 calendar years.

Mr. DIRKSEN. Or 100 percent for 1 out of the last 2 calendar years.

Mr. DOUGLAS. For 1 out of the last 2 calendar years.

Mr. DIRKSEN. The Senator is correct.

Mr. SCOTT. Let me say to the junior Senator from Illinois that I am very much concerned. These criteria still would not cover the area of Philadelphia and the degree of unemployment there. I am not certain, but they do not appear to cover the large unemployment area around Pittsburgh. For that reason I desire to indicate that, after the vote on the amendment in the nature of a substitute offered by the junior Senator from Illinois, I shall seek recognition and offer Senate bill 268 as a substitute, because in my judgment it goes much further toward establishing the criteria necessary to solve some of the problems in my State beset as it is by unemployment and chronically distressed areas.

I thank the Senator for yielding.

Mr. DIRKSEN. Trying to develop static criteria for a problem of this kind is difficult; and it is doubtful whether we can lay down in words, criteria which will cover every situation. The distinguished Senator from Indiana [Mr. CAPEHART] raised that question at a conference session several weeks ago, and I think the distinguished Senator from Connecticut [Mr. BUSH] did likewise. For aught I know, they may deal with it. I merely cite the criteria in the administration proposal.

With respect to relief, assuming, of course, that under these criteria certain areas would become eligible for whatever relief and whatever remedies are provided in the bill, let me skeletonize the provisions. There would be 25-year loans at the market rate, provided the money was not available elsewhere at reasonable rates.

There would be a limit of 35 percent on Federal participation. That means, of course, that States and localities would carry the larger share of the burden.

There must be some expectation of repayment. This, I think, is one of the important features of the proposal.

The loan must result in more than a temporary alleviation of unemployment. I think that is the crux of the situation. We may go into a given area and build a city hall, a hospital, or a gymnasium for a high school; and when we are through,

we are back where we started. So the question is, in every case, Is there an assurance that the relief will be more than mere temporary relief?

I had that in mind in January 1956 when I appeared before the Committee on Labor and Public Welfare. At that time I said:

Any solution worthy of the name must be durable. Merely to scratch the surface and provide temporary employment in these depressed areas will not meet the problem.

Coming back to the relief which is provided, there will be no aid where relocation of an industry moving from one area to another might hurt the area from whence it comes, even though it might benefit the area to which it might go.

The substitute provides for no rural loans and no loans or grants for public facilities. There is a total of \$50 million involved in loans, and about \$3 million for administrative and technical assistance. So the criterion, of course, is what is believed to be something more than a temporary alleviation of the problem. I think that is the basic thesis—to encourage self-help and to follow a proven basis.

It might be said that I appeared before the committee and suggested certain amounts higher than those in the pending bill. That is true. I did. But open confession is good for the soul; and I never mind making it, whether it be on the floor of the Senate or elsewhere. The figures were estimates. I had no concrete experience on which to base them, and it was not until sometime later that the Pennsylvania experience, under a board created by the Pennsylvania Legislature, became available. I laid that information before the Senate Committee on Banking and Currency when I testified in connection with the pending bill.

There is no use going into detail, but there was an experience at the State level, with some 64 projects, which shows what can be done under given circumstances.

The administration bill, drafted by the Department of Commerce, is geared to what happened in Pennsylvania and elsewhere at the State level. It undertakes to cure the degree of employment which represents the percentage over and above the national level. If it could be done with a rather modest investment at the State level, obviously a well-managed program at the Federal level could do the same thing.

It is not proposed in the substitute to establish an independent agency. This activity has been carried on at higher or lower levels for a number of years, under the present administration and prior administrations. They have done a good job. Unfortunately, 2 years ago when the agency asked for about \$390,000 to carry on in this field, Congress saw fit to cut back the appropriation to \$120,000, and crippled the activity to that extent. But it has been going on; and I see no reason why, under the circumstances, an independent agency should be created.

The amendment contains, in substance, the administration's proposal. It

is within the terms of the 1960 budget, and is geared to the budget. I hope, therefore, that it will commend itself to the good thinking of the Senate, and will be favorably received.

With that I rest the case, and yield the floor so that other Senators who desire to discuss the question may do so.

Mr. JOHNSON of Texas. Mr. President, I wonder if it would be possible to obtain an agreement as to a time for voting on the Dirksen substitute. I understand that the Senator from Pennsylvania [Mr. CLARK] desires 5 minutes. The Senator from Illinois [Mr. DOUGLAS] wishes 7 minutes.

I ask unanimous consent that the vote be taken in 20 minutes, 12 minutes to be controlled by the senior Senator from Illinois [Mr. DOUGLAS] and 8 minutes by the junior Senator from Illinois [Mr. DIRKSEN].

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. DOUGLAS. Mr. President, I yield 5 minutes to the senior Senator from Pennsylvania [Mr. CLARK].

Mr. CLARK. Mr. President, I have listened with great interest to the comments just made by the distinguished minority leader with respect to his reasons for advocating the administration bill. In the course of his comments he undertook to testify with respect to the situation in my home Commonwealth of Pennsylvania.

I have the highest regard for the distinguished minority leader, but I am afraid that in this instance someone has led him down the garden path so far as the situation in my native State is concerned.

As I sat and listened to him, I understood him to say that the principal reason for our problems in Pennsylvania was that the coal business was not so good as it used to be. I turn to page 6 of the minority views, where are to be found listed the areas of labor surplus as of January 1959, and read for the record the following Pennsylvania labor surplus areas, in which not 1 ton of coal has ever been mined: Allentown, Bethlehem, Easton, Altoona, Erie, Philadelphia, Pittsburgh, Reading, York, Oil City, Franklin, Titusville, Sayre, Athens, Towanda, and Williamsport.

It is true, of course, that the hard coal areas have been badly hit by the depression, but to say that our problems are due to the failure of the coal industry, and that adequate steps are being taken in other areas to remedy that distressing situation, I state, with all due deference to my friend the junior Senator from Illinois, is not entirely in accord with the facts.

The distinguished junior Senator from Illinois also had occasion to talk about our fine State efforts to remedy this condition in Pennsylvania. Those efforts have been fine, and they have resulted in a measurable amount of good; but it is as clear as the nose on anyone's face that the Pennsylvania effort, by itself, is entirely to meet the need in my Commonwealth.

The Governor of Pennsylvania so testified. The secretary of labor and industry so testified. The secretary of

commerce so testified; and a number of witnesses coming from different parts of the Commonwealth told us that Pennsylvania had bled itself white with its State effort to remedy unemployment; and that the effort had been helpful but was entirely inadequate. The secretary of commerce for the Commonwealth of Pennsylvania testified as follows before the Senate Committee on Banking and Currency:

Senator CLARK in a release the other day made an estimate that in order to bring our unemployment down to the 6-percent level in 17 areas of Pennsylvania, which is high enough, we would need to create 72,800 jobs. And the assumption was that half of those would have to be in manufacturing and the balance generated in the services, and so forth.

* * * * *

If we say that in Pennsylvania in utilizing these loan funds we were to average out at not the full 65 percent on all of them but say 35 percent, we would need in Pennsylvania on the basis of that calculation alone, according to my figures, \$47,756,800.

In other words, Mr. President, my own Commonwealth of Pennsylvania, using the 35 percent rate which is contained in the administration bill, would use up practically all the money in one State. That is a pretty good measure of the utter inadequacy of the administration bill, calling, as it does, for \$53 million, as opposed to \$389 million in the Douglas-Cooper-Clark bill.

I am sure, Mr. President, Senators will note that to adopt the substitute, excluding the availability of funds for loan purposes for public utilities, would destroy the purpose of the bill, because hard pressed areas cannot raise money in the open market or by taxes to take care of such situations as the construction of streets, water works, sewage systems, and industrial parks, which are necessary to bring industry into the unfortunate areas.

So, Mr. President, with the provision for \$100 million of rural loans taken out of the bill, by the administration's substitute, we have in the pending amendment a proposal which is not only too little and too late but also is close to being a fraud on the American people because of the inadequacy of its provisions.

I yield back the remainder of my time.

Mr. CAPEHART. Mr. President, how much time remains on the bill?

The PRESIDING OFFICER. Eight minutes remain on the substitute.

Mr. CAPEHART. How much time remains on the bill?

The PRESIDING OFFICER. Forty-one minutes remain on the bill.

Mr. CAPEHART. I yield myself 3 minutes on the bill.

Mr. President, in order to keep the record straight, although the bill is intended to be a \$389 million bill to help unemployment, I am afraid it does not so state.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. CLARK. I have just finished stating it.

Mr. CAPEHART. Yes; but I am afraid that the statement is not quite in accord-

ance with the record. One hundred million dollars is provided for industrial loans, which would create, we hope, permanent jobs. Another \$100 million is provided for public facilities, which would create temporary jobs while the public facilities were being built. However, that would not create any permanent employment.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. Many loans for public facilities could most certainly help to create jobs. An industrial water project, for example, could be created, and industrial parks constructed which would make it possible for industries to locate in those areas and thus create permanent jobs.

Mr. CAPEHART. Yes; but I want the RECORD to be clear that there is only \$100 million in the bill for creating permanent jobs.

Mr. DOUGLAS. There would also be \$100 million for industrial loans in rural areas where incomes are low, and there is underemployment as well. These loans could help create jobs.

Mr. CAPEHART. I have not as yet reached that point. There is another \$100 million provided, of course, for rural areas where people are supposedly underpaid. However, that creates no new jobs.

Mr. DOUGLAS. I beg the Senator's pardon. This amount is for loans to start new industries in rural areas where the income is low and where there is a great deal of under employment and unemployment.

Mr. CAPEHART. The purpose is primarily—and it is so stated—it help areas where there is low income.

Mr. DOUGLAS. And where there is underemployment.

Mr. CAPEHART. Perhaps so, but primarily—and the bill so states—it is for the benefit of areas where the workers are paid very little. The point I wish to make is—and I make this point so the RECORD may be kept clear and so that people throughout the Nation will not be misinformed—so far as industrial jobs in the cities are concerned, there is only \$100 million involved, not \$389 million, for permanent jobs. One hundred million is to be divided among all the industrial centers in the United States. Another \$100 million is to be used to create jobs in so-called rural areas where there is underemployment. Then there is another \$100 million, of course, for public utilities, which, of course, would create jobs to build the public utilities, but not permanent jobs.

Mr. President, I yield myself 3 additional minutes on the bill.

That portion of the bill probably does not belong in the bill at all, because it has nothing to do, particularly, with depressed areas. The \$100 million which has to do with the rural areas ought to be handled by another department, and should not be included in a new bill.

Therefore, so far as jobs in the cities are concerned, and so far as the really depressed areas in towns are concerned, there is \$100 million in the so-called Douglas bill; and we are now talking about \$50 million in the so-called Dirk-

sen-administration bill, which is the substitute under consideration.

The substitute on which we are about to vote contains no money at all for rural areas. It has no money in it, of course, for public facilities, primarily for the reason that under the Housing Act funds are provided and an organization is set up to handle public utilities.

Therefore, about the only difference between the two bills, so far as creating jobs in industrial centers is concerned—I mean permanent jobs—is \$50 million. That is about the only difference between the two bills so far as the city folk, so-called, are concerned, and so far as permanent jobs are concerned.

There is another \$100 million in the Douglas bill to build public utilities, such as waterworks, and so forth. I doubt if that provision should be in a depressed areas bill.

I can understand the need for providing water in a small town, for example, so that a plant can be built there, but we must remember that there is already a law in existence to take care of such a situation. It is contained in a section of the Housing Act, which grants that kind of relief. In connection with that part of the pending bill, we would merely be adding another piece of legislation to do what the Housing Act has been doing for many years. The authors of the section of the Housing Act designed to grant loans to towns for public utilities, was introduced by the late Senator from South Carolina, Mr. Maybank, and myself. That has been a part of the Housing Act for many years.

COMPARISON OF DIRKSEN SUBSTITUTE FOR S. 722 AS REPORTED

Mr. DOUGLAS. Mr. President, the administration is proposing to kill the rural redevelopment bill with a poisoned kiss. On the one hand, it says it is in favor of the idea, but on the other hand, it would appropriate so little money and attach so many crippling conditions to the small appropriation it does propose, that the program would be of no real value.

The Dirksen amendment in the nature of a substitute would replace the provisions of S. 722 with those of the Dirksen bill, S. 1064, which embodies the proposals of the administration. The committee very carefully considered this proposal, and the bill which we have reported has made a number of concessions designed to meet the objections of the administration. But there are several features of the administration's bill which would so severely restrict its application that it would be completely ineffective.

AMOUNTS OF MONEY

The administration bill provides for only \$50 million for loans to industrial areas. The committee bill provides for \$100 million for loans to industrial areas, and also \$100 million for loans to rural areas, and \$100 million in loans for public facilities. During the committee hearings, it was testified that the State of Pennsylvania alone would be eligible to use \$47 million in loans in order to bring unemployment in that State down to the national average. Although other

factors such as the economic potential of an area and the prospective repayment must be taken into account, it is still obvious that \$50 million would be completely inadequate for the Nation as a whole.

With respect to the \$100 million loan fund for community facilities, the committee felt that these were often necessary before industrial development could possibly get underway in many situations. For it is often true that before an industry can locate in an area, it must have adequate water supplies, sewage systems, access roads, and other public facilities before it will be possible to locate in such an area. It should be remembered that these are repayable loans.

In addition to public facility loans, the committee also provided for a \$75 million fund to make grants to areas for public facilities where industrial development needs such facilities but the community concerned does not have the wherewithal to repay such loans. The administration bill provides nothing in this regard. Yet it is true that such grants will in some cases be necessary before industrial development can take place.

Moreover, the problem of unemployment and underemployment in rural areas is perhaps just as real as that of industrial areas, and it is only fair that we provide equal treatment for that segment of our population.

It is perfectly clear that all the administration is proposing to do is to make a nominal authorization for \$50 million for some of the hard-pressed industrial areas. The administration does this reluctantly in order to head off the \$100 million which we advocate. It proposes nothing for rural areas which suffer from poverty and underemployment. Nothing is provided, except the promise that it can be taken care of under the rural development program of the Department of Agriculture.

That program has been surveyed, as I pointed out the other day, by a distinguished nonpartisan committee. The vital criticism which that committee makes of the so-called rural development program of the Department of Agriculture is that no outside financial aid is given to the hard-pressed rural communities. We believe in a program which will strike at persistent unemployment and persistent underemployment, both in the industrial and the rural areas of the country.

We also know that in order to attract industry to such areas, it will be necessary to provide industrial water, access roads, water and sewage systems, and, in some cases, industrial parks. That is the purpose of the third revolving loan fund of \$100 million and the one-shot grant of \$75 million.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. RANDOLPH. We who believe in the proposals contained in Senate bill 722 are cognizant that the spirits of the men and women who till the soil, as they do that job, are either high or low in relationship to the substance which is built in between. The provision of the

bill, as the Senator has said, is for aid to rural folk in West Virginia in the amount of \$1,000 or less, per farmer, of farm income a year. Those people need such assistance.

Mr. DOUGLAS. I thank the Senator from West Virginia. The map which is displayed in the rear of the Chamber shows the farm counties throughout the Nation which could be benefited by the program we are suggesting.

ADMINISTRATION OF THE PROGRAM

There is another crucial weakness in the administration's proposal. It would give the administration of the measure to the Department of Commerce, whereas our bill calls for its administration by a separate agency. It might look better on an organization chart to have the administration of the program in the Department of Commerce; but we know that that would be fatal to the program itself. The Department of Commerce has been a persistent, unrelenting foe of all such programs as this. It is well-known that it was the Department of Commerce which advised the President to veto the bill which Congress passed last year. While the Secretary has changed, the attitude of the Department remains the same.

We would not give to a nurse having homicidal tendencies the care of infant children; nor would we put wolves in charge of the care of sheep.

The only way to have such a program as this properly administered is to place it under a new agency, one which may have some enthusiasm in its work and will not use the measure to strangle and to kill it.

GRANTS FOR TECHNICAL ASSISTANCE

The committee bill provides for an authorization of \$4½ million a year for grants to provide technical assistance in redevelopment areas. The administration bill provides for \$1½ million a year for the designated areas, and another \$1½ million a year for towns predominantly dependent on one industry.

Many people feel that the technical assistance aspects of this program are extremely valuable, and it would seem that \$4½ million will be a very modest amount in this regard. It would be a shame to cut this figure by a third as the administration bill would do.

GRANTS FOR VOCATIONAL RETRAINING SUBSISTENCE PAYMENTS

The committee bill provides a \$10 million grant for subsistence payments to those being retrained and who are not entitled to unemployment compensation. The administration bill provides nothing. In this respect, the question is how are many of the unemployed persons who have exhausted their unemployment compensation payments going to exist while undergoing retraining which will be necessary for them to qualify for the jobs which might be available with industrial redevelopment. This is a humane feature of our bill which we feel to be absolutely necessary.

RESTRICTIONS ON LOANS

The committee bill would permit Federal participation in industrial loans up to a maximum of 65 percent, while the administration bill would not permit

such participation to exceed 35 percent. There would probably be many cases where the 35 percent figure would be adequate, but such a restriction would knock out many projects which could otherwise go forward under the terms of the committee bill.

The administration bill would also require minimum State or local participation of 15 percent, rather than the 10 percent provided in S. 722.

In short, the administration's proposals with respect to Federal and State or local participation are much more restrictive than those of S. 722, and hence would act as a depressing factor in carrying out the program.

MACHINERY AND EQUIPMENT

The administration bill would not permit loans on machinery and equipment whereas S. 722 would permit such loans. The cost of land is relatively small in depressed areas, simply because they are depressed. The cost of buildings will not be much either, because in many cases it would be possible to take over an existing building and rehabilitate it with a relatively small amount of capital. Thus, the thing that can really make redevelopment possible would be the financing of equipment and machinery which lies at the heart of the whole enterprise.

Now, there are two main arguments which might be raised against the inclusion of machinery and equipment. First, it may be said that, because of obsolescence, we should not finance machinery for such a long period of time as 30 years. I would agree with this, but the 30-year period is a maximum, and I would expect the Administrator to provide for a realistic period in the case of loans for machinery and equipment. Depending on the nature of the machinery or equipment, this might run from 5 to 15 years. Second, it may be said that making loans on machines is dangerous, because if the loans cannot be repaid, the Government would lose its investment. However, there are many general-purpose machines such as lathes and punch presses which can be applied to a great variety of uses. Thus, it is not necessarily true that the Government would lose its investment were the loan to go into default.

MAXIMUM PERIOD OF LOANS

In the bill passed last year, the maximum period for industrial loans was 40 years. In a further effort to meet some of the objections of the administration, the bill reported by the committee provides for a maximum of 30 years with a provision for an extension of 10 additional years only in certain cases where the Administrator determines its advisability. The administration bill provides for a maximum period of 25 years, with a 10 year extension possible which may not be enough in some cases.

APPROPRIATIONS VERSUS BORROWING AUTHORITY

S. 722 provides that the three loan funds be borrowed from the Treasury, whereas the administration bill would require that such funds be appropriated.

Where a program involves new authorization for funds from year to year, I would agree that appropriations would

normally be preferable. I believe this to be true because times change over the years, and where new funds are being made available, these should be subject to periodic review by Congress.

However, the loan funds in S. 722 are a one-shot authorization and are in amounts which the committee feels necessary to get the program underway. The bill does not provide for additional authorizations from year to year. Were additional authorizations to be made, therefore, they would automatically be subject to the scrutiny of Congress.

Providing that the funds be appropriated rather than borrowed from the Treasury simply means that they would have to run the gauntlet of authorization twice, rather than once; to go through two committees rather than one. The Senate Banking Committee authorized and the Congress enacted a Federal flood insurance program. The Senate twice voted an appropriation to put the program into effect. The House Appropriations Committee, however, refused to authorize any appropriation for this program, and now it has fallen by the wayside. We certainly do not want that to happen in the case of area redevelopment legislation.

S. 722 does provide for appropriation of technical assistance, public facility grants, and retraining grants.

SUMMARY

There are other minor differences between the administration bill and S. 722, but I think I have covered the major differences. In general, the administration bill would be completely inadequate to deal with the real needs for area redevelopment, and it will be a grave mistake for the Senate to substitute it for the bill as reported by the committee.

The committee voted to report S. 722 by a vote of 9 to 6. It should be recognized, however, that this is not representative of the differences between S. 722 and the administration bill. I believe that I am correct in saying that most of the six votes against in reporting would be opposed to the administration bill as well as to S. 722.

I have seen very little support for the administration's bill. It was introduced by Senator DIRKSEN, who as minority leader, is the logical person to introduce administration measures. However, when he introduced it, it lay on the table for 2 days to permit anyone who desired to co-sponsor it to do so. There were no takers. S. 722, on the other hand, has a total of 39 sponsors.

There may be a legitimate issue as to whether or not we should have an area redevelopment program, but the enactment of the administration proposal would result in a program so inadequate that there might as well be no program at all as to pass such a measure.

I hope the administration's proposal will be defeated by a resounding vote, a tremendous vote, one which will serve notice on the Department of Commerce and the White House that this country wants an effective bill, not a sham bill.

Mr. GORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. GORE. Last week I addressed the Senate on the general subject of the economic challenge which the United States faces. A part of that economic challenge is the lack of adequate growth of our economy and the lack of employment opportunities.

In the course of the address, I inquired about the policy of the Democratic Congress to meet this challenge. I take it that the bill before the Senate is not intended as an answer to the entire challenge; but does not the able Senator from Illinois think that the restoration of productivity to the depressed areas constitutes an important part of the answer to that challenge and that question?

Mr. DOUGLAS. I certainly do. It would deal with what is termed structural unemployment by furnishing seed capital to start new private enterprise in areas of high and persistent unemployment. By putting unemployed persons to work producing commodities which otherwise would not be produced, the inflationary effect would be reduced to very little, and might possibly be completely removed.

Mr. GORE. Mr. President, will the Senator further yield?

Mr. DOUGLAS. I yield.

Mr. GORE. The Senator is aware, I am sure, that there has been but a very slow and, I contend, a very inadequate growth in our national economy since the end of the Korean war.

Mr. DOUGLAS. That is correct.

Mr. GORE. A serious part of that lack of growth has been in cities or communities which it is hoped will be helped by the pending bill.

Mr. DOUGLAS. That is correct. We aim to utilize the greatest unused resource of the American people—namely, the idle time of workers.

Mr. GORE. If we succeed in restoring to productivity the resources, human and material, of the depressed areas alone, will not that make a significant contribution to the growth of the economy?

Mr. DOUGLAS. Yes; and it will reduce the tax burden for unemployment compensation, relief, surplus foods, and the rest.

Mr. GORE. I congratulate the Senator from Illinois upon his leadership in this field. I express the wish that other legislative committees will bring forth, in rapid-fire order, programs of action to meet the economic challenge, which in the long run is as serious as either the political or the military challenge we face.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MONRONEY. Is it not true that the administration substitute virtually destroys the very carefully worked out and carefully studied broad gage program which the committee has reported?

Mr. DOUGLAS. That is correct.

Mr. MONRONEY. As I understand, the administration program not only drastically reduces the amounts which will be available for the rehabilitation of depressed areas, but ignores com-

pletely the erosion of human resources which has taken place in the small towns and agricultural areas.

Mr. DOUGLAS. That is correct.

Mr. MONRONEY. And the areas where large numbers of people have been on relief for many years.

Mr. DOUGLAS. That is true.

Mr. MONRONEY. In other words, to qualify under the sole test of the administration substitute, the number of unemployed must have accumulated, it might be said, in the past 12 months, in order to constitute an effective statistic; but those areas which were given knockout blows by the shifting of industry, the closing of mines, or the collapse of agriculture over a period of 10 years have not necessarily had an increase in unemployment, but have been depressed for some 10 or 12 years. So without the committee bill, we would be voting only a feeble straw to move against what has become almost a nationwide plague of pockets of continuing, hopeless unemployment areas, both rural and urban.

Mr. DOUGLAS. The Senator has stated the situation correctly.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. CAPEHART. Mr. President, I yield myself 1 minute.

I think we should keep the record straight. The answer to the able Senator from Oklahoma ought to be that the Senator having the bill in charge, the Senator from Illinois [Mr. DOUGLAS], accepted the administration's criteria. He said so a number of times on the floor of the Senate, in stating how he arrived at the number of areas to be helped. So if anything is wrong, it is not the administration's fault; it is the fault of the able Senator from Illinois for having accepted the administration's criteria. One cannot have his cake and eat it too. Does the Douglas bill embody the administration's criteria or does it not? If it does not, the Senator from Illinois must change his answer to the Senator from Oklahoma.

Mr. DOUGLAS. First, the administration bill makes no provision for rural areas.

Mr. CAPEHART. The Senator from Oklahoma was not talking about that.

Mr. DOUGLAS. Oh, yes, he was. As I have said many times, every standard for industrial areas is related to the average for the rest of the country, but we have cut the period back 1 year.

Mr. CAPEHART. I know how zealous the able Senator from Illinois [Mr. DOUGLAS] and the able Senator from Oklahoma [Mr. MONRONEY] are to have the record straight. I know that from having served with them for many years. I know they are very grateful to me or to anyone else who may try to correct misinformation which they may give.

Mr. DOUGLAS. We are grateful to the Senator from Indiana when he brings out accuracies, which is not always the case.

The PRESIDING OFFICER. The time of the senior Senator from Illinois [Mr. DOUGLAS] on the amendment has expired.

There remain 8 minutes under the control of the junior Senator from Illinois [Mr. DIRKSEN].

The question is on agreeing to the amendment of the junior Senator from Illinois [Mr. DIRKSEN], in the nature of a substitute for the bill.

Mr. CAPEHART. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. CAPEHART. Mr. President, I ask unanimous consent that immediately following the quorum call, the vote on the pending amendment be taken.

Mr. LONG. Mr. President, reserving the right to object, is it possible to have a quorum call and then to vote immediately thereafter?

The PRESIDING OFFICER. The Chair is advised that the Senator from Indiana has 5 minutes remaining under his control. Obviously, that is a sufficient length of time in which to have a quorum call.

Mr. LONG. Mr. President, if all the remaining time is not to be yielded back, I would feel compelled to object.

Mr. DOUGLAS. Mr. President, I yield back all time remaining under my control.

Mr. DIRKSEN. Mr. President, I yield back all the time remaining under my control.

Mr. CAPEHART. Mr. President, I withdraw my suggestion of the absence of a quorum, and I also withdraw my request.

The PRESIDING OFFICER. All remaining time has been yielded back.

The question is on agreeing to the amendment of the junior Senator from Illinois [Mr. DIRKSEN], in the nature of a substitute for the pending bill.

On this question the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll; and Mr. AIKEN voted in the affirmative, when his name was called.

Mr. DIRKSEN. Mr. President, has a vote been cast?

The PRESIDING OFFICER. Yes.

Mr. DIRKSEN. Then I assume that it is now too late to propound a parliamentary inquiry.

The PRESIDING OFFICER. Silence suggests that it is now too late.

Mr. DIRKSEN. Very well.

The PRESIDING OFFICER. The clerk will resume the call of the roll.

The legislative clerk resumed and concluded the call of the roll.

Mr. MANSFIELD. I announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from Washington [Mr. MAGNUSON] is absent because of illness.

I further announce that, if present and voting, the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Washington [Mr. MAGNUSON] would each vote "nay."

The result was announced—yeas 43, nays 52, as follows:

YEAS—43

Aiken	Dworshak	Morton
Allott	Eastland	Mundt
Beall	Ellender	Prouty
Bennett	Ervin	Robertson
Bridges	Frear	Saltonstall
Bush	Goldwater	Schoeppel
Butler	Hickenlooper	Smathers
Byrd, Va.	Holland	Stennis
Capehart	Hruska	Talmadge
Carlson	Jordan	Thurmond
Case, N.J.	Keating	Wiley
Case, S. Dak.	Kuchel	Williams, Del.
Cotton	Lausche	Young, N. Dak.
Curtis	Martin	
Dirksen	McClellan	

NAYS—52

Anderson	Hayden	Morse
Bartlett	Hennings	Moss
Bible	Hill	Murray
Byrd, W. Va.	Humphrey	Muskie
Cannon	Jackson	Neuberger
Carroll	Javits	O'Mahoney
Chavez	Johnson, Tex.	Pastore
Church	Johnston, S.C.	Proxmire
Clark	Kefauver	Randolph
Cooper	Kennedy	Scott
Dodd	Kerr	Smith
Douglas	Langer	Sparkman
Engle	Long	Symington
Gore	Mansfield	Williams, N.J.
Green	McCarthy	Yarborough
Gruening	McGee	Young, Ohio
Hart	McNamara	
Hartke	Monroney	

NOT VOTING—3

Fulbright	Magnuson	Russell
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So Mr. DIRKSEN's amendment, in the nature of a substitute, was rejected.

Mr. DOUGLAS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from Illinois to reconsider.

The motion to lay on the table was agreed to.

Mr. SCOTT. Mr. President, I call up for consideration, and offer as an amendment in the nature of a substitute for the pending bill, my bill, S. 263; and on the amendment I ask for the yeas and nays.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

Mr. SCOTT. Mr. President, I ask unanimous consent that the reading of the amendment may be dispensed with and that the amendment may be printed in the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered.

The amendment in the nature of a substitute offered by Mr. SCOTT is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following: "That this Act be cited as the 'Area Redevelopment Act.'"

"DECLARATION OF PURPOSE

"SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our

communities are suffering substantial and persistent unemployment which causes hardship to many individuals and their families and detracts from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government in cooperation with the States, should help areas of substantial and persistent unemployment to take effective steps in planning and financing their economic development; that Federal assistance should enable communities to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies; and that new employment opportunities should be created rather than merely transferred from one community to another.

"AREA ECONOMIC REDEVELOPMENT ADMINISTRATION

"SEC. 3. To assist areas in the United States designated hereinafter as redevelopment areas, the Secretary of Commerce is authorized to take such action as may be necessary to carry out the provisions of this Act. To assist the Secretary of Commerce (hereinafter referred to as the 'Secretary'), there is hereby established within the Department of Commerce an Area Economic Redevelopment Administration which shall be headed by an Administrator who shall be appointed by the Secretary and who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary may assign.

"ADVISORY BOARD

"SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Economic Redevelopment Advisory Board (hereinafter referred to as the 'Board'), which shall consist of the following members, all ex officio: The Secretary, as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Labor; and Treasury; the Administrators of the Housing and Home Finance Agency and of the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

"(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and which shall be composed of representatives of labor, management, agriculture, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

"(c) The Secretary is authorized from time to time to call together and confer with representatives of the various parties in interest from any industry in which employment has dropped substantially over an extended period of years and which in consequence has been a primary source of high levels of unemployment in several areas designated by the Secretary as redevelopment areas. Conferences convened under authority of this subsection shall consider with and recommend to the Secretary plans and programs with special reference to any such industry to carry out the purposes of this Act.

"REDEVELOPMENT AREAS

"SEC. 5. (a) The Secretary shall designate as 'industrial redevelopment areas' those industrial areas within the United States in which he determines that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any industrial area in which there has existed unemployment of not less than (1) 15 per centum of the labor force during the six-month period immediately preceding the date on which application for assistance is made under this Act, (2) 12 per centum of the labor force during the twelve-month period immediately preceding such date, (3) 9 per centum of the labor force during at least fifteen months of the eighteen-month period immediately preceding such date, or (4) 6 per centum of the labor force during at least eighteen months of the twenty-four-month period immediately preceding such date.

"(b) The Secretary shall also designate as 'rural redevelopment areas' those rural areas within the United States in which he determines that there exist the largest number and percentage of low-income families, and a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection, the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, and the availability of manpower in each such area for supplemental employment.

"(c) In making the determinations provided for in this section, the Secretary shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

"(d) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, and the Director of the Bureau of the Census are respectively authorized to conduct such special studies, obtain such information and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in this section. The Secretary shall reimburse, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

"(e) As used in this Act, the term 'redevelopment area,' refers to any area within the United States which has been designated by the Secretary as an industrial redevelopment area or a rural redevelopment area, and may include one or more counties, or one or more municipalities, or a part of a county or municipality.

"LOANS AND PARTICIPATIONS

"SEC. 6. (a) The Secretary is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein) to aid in financing any project for the purchase or development of land and facilities for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied factory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use. Such finan-

cial assistance shall not be extended for working capital, for purchases of machinery or equipment, or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

"(1) The total amount of loans and loan participations (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in industrial redevelopment areas shall not exceed \$100,000,000, and (B) with respect to projects in rural redevelopment areas shall not exceed \$50,000,000;

"(2) Such assistance shall be extended only to applicants, both private and public, approved by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed shall be located;

"(3) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms;

"(4) No loan shall be made unless it is determined that an immediate participation is not available;

"(5) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment;

"(6) No loan, including renewals or extension thereof may be made hereunder for a period exceeding thirty years and no evidences of indebtedness maturing more than thirty years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor, or if extension or renewal for additional periods, not to exceed, however, a total of ten years, will aid in the orderly liquidation of such loan or of such evidence of indebtedness;

"(7) Such assistance shall not exceed 50 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities, and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project and shall, among others, be on the following conditions:

"(A) That other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

"(B) That not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization, as equity capital or as a loan repayable only after the financial assistance hereunder has been repaid in full according to the terms thereof and, if such loan is secured, its security shall be subordinate and inferior to the lien or liens securing the financial assistance hereunder; and

"(C) That in making any loan under this section with respect to an industrial redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such loan is made shall be supplied by non-governmental sources.

"(8) No such assistance shall be extended unless there shall be submitted and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

"(c) Of the funds authorized to be appropriated under section 8 of this Act, not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in industrial redevelopment areas, and not more than \$50,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in rural redevelopment areas.

"LOANS FOR PUBLIC FACILITIES

"SEC. 7(a) Upon the application of any State, or political subdivision thereof, or private or public organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that—

"(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

"(2) the funds requested for such project are not otherwise available on reasonable terms;

"(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof; and

"(4) there is a reasonable expectation of repayment.

"(b) No loan under this section shall be for an amount in excess of 50 per centum of the aggregate cost of the project for which such loan is made. Subject to section 11(5), the maturity date of any such loan shall be not later than thirty years after the date such loan is made.

"(c) In making any loan under this section, the Secretary shall require that not less than 10 per centum of the aggregate cost of the project for which such loan is made shall be supplied by the State (including any political subdivision thereof) within which such project is to be located as equity capital, or as a loan repayable only after the financial assistance provided under this section has been repaid in full, and, if such loan is secured, its security shall be subordinate to the lien or liens securing the financial assistance provided under this section. In determining the amount of participation required under this subsection with respect to any particular project, the Secretary shall give consideration to the financial condition of the State or local government, and to the per capita income of the residents of the redevelopment area, within which such project is to be located.

"(d) Of the funds authorized to be appropriated under section 8 of this Act, not more than \$50,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section.

"APPROPRIATION FOR LOANS

"SEC. 8. There is hereby authorized to be appropriated not to exceed \$200,000,000 to provide funds for loans under this Act.

"INFORMATION

"SEC. 9. The Secretary shall aid redevelopment areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

"TECHNICAL ASSISTANCE

"SEC. 10. In carrying out his duties under this Act, the Secretary is authorized to provide technical assistance to areas which he has designated as redevelopment areas under this Act. Such assistance shall include studies evaluating the needs of, and development potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purpose. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$3,500,000 annually.

"POWERS OF SECRETARY

"SEC. 11. In performing his duties under this Act, the Secretary is authorized to—

"(1) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties, provide bonds for them in such amounts as the Secretary shall determine, and pay the costs of qualification of certain of them as notaries public;

"(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

"(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

"(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this Act, and collect or compromise all obligations assigned to or held by him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

"(5) further extend the maturity of or renew any loan made under this Act, beyond

the periods stated in such loan or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan;

"(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with the payment of loans made under this Act;

"(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made under this Act. This shall include authority to obtain deficiency judgments or otherwise as in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Secretary deeds of conveyance, deed of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

"(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

"(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made under this Act;

"(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classifications law, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses; and

"(11) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

"TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

"SEC. 12. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary

determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

"PROCUREMENT BY GOVERNMENTAL AGENCIES"

"SEC. 13. Each department, agency, or other instrumentality of the Federal Government engaged in the procurement of any supplies of services for use by or on behalf of the United States shall—

"(1) use its best efforts to award negotiated procurement contracts to contractors located within redevelopment areas to the extent procurement objectives will permit;

"(2) where deemed appropriate, set aside portions of procurements for negotiation exclusively with firms located in redevelopment areas, if a substantial proportion of production on such negotiated contracts will be performed within redevelopment areas and if such firms will contract for such portions of the procurement at prices no higher than those paid on the balance of such procurements;

"(3) where deemed appropriate and consistent with procurement objectives, after the expiration of the period during which bids for any procurement are permitted to be submitted and if the lowest of such bids was submitted by a firm in an area other than a redevelopment area, negotiate with firms in redevelopment areas with a view to ascertaining whether any such firm will furnish the services or supplies with respect to which bids were theretofore submitted for an amount equal to, or less than, the amount of the lowest bid theretofore submitted for the furnishing of such services or supplies, and if such firm can be found, award the contract for the furnishing of such services or supplies to such firm;

"(4) assure that firms in redevelopment areas which are on appropriate bidders' lists will be given the opportunity to submit bids or proposals on all procurements for which they are qualified and on which small business joint determinations have not been made, but whenever the number of firms on a bidders' list is exclusive, there shall be included a representative number of firms from redevelopment areas;

"(5) in the event of tie bids on offers on any procurement, award the contract to the firm located in a redevelopment area, other things being equal;

"(6) encourage prime contractors to award subcontracts to firms in redevelopment areas; and

"(7) cooperate with other departments, agencies, and instrumentalities of the Federal Government in achieving the objectives set out in this subsection.

"URBAN RENEWAL"

"SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA ECONOMIC REDEVELOPMENT ACT"

"SEC. 112. (a) When the Secretary of Commerce certifies to the Housing and Home Finance Administrator (1) that any county, city, or other municipality (in this section referred to as a "municipality") is situated in an area designated under section 5(a) of the Area Economic Redevelopment Act as an industrial redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economic development, the Housing

and Home Finance Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Housing and Home Finance Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) that the project area be clearly predominantly residential in character or that it be redeveloped for predominantly residential uses; but no such assistance shall be provided in any area if such Administrator determines that it will assist in relocating business operations from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structure suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *And provided further*, That the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed under section 105(b).

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Housing and Home Finance Administrator may exercise the authority vested in him under this section for the completion of such project, notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an industrial redevelopment area under the Area Economic Redevelopment Act.

"(f) Not more than 10 per centum of the funds authorized for loans under section 102 or for capital grants under section 103 shall be available to provide financial assistance under this section."

"URBAN PLANNING GRANTS"

"SEC. 15. The second sentence of section 701 of the Housing Act of 1954 is amended by adding the following in clause (2) after the words 'decennial census which': '(1) are situated in areas designated by the Secretary of Commerce under the Area Economic Redevelopment Act as industrial redevelopment areas, or (ii)'.

"VOCATIONAL TRAINING"

"SEC. 16 (a) The Secretary of Labor shall determine the vocational training or retraining needs of unemployed individuals residing in redevelopment areas and shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

"(b) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the vocational training or retraining needs of such individuals, he shall so advise the Secretary

of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions: *Provided*, That the Secretary of Labor shall arrange to provide any necessary technical assistance for setting up apprenticeship, journeyman, and other job training needed in the locality.

"PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK"

"SEC. 17. The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on projects undertaken by public applicants assisted under this Act (1) shall be paid wages at rates no less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of August 30, 1935 (Davis-Bacon Act), and (2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed.

"PENALTIES"

"SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security thereof, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(b) Whoever, being connected in any capacity with the Secretary (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Secretary makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized, draws any order or issues, put forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Secretary shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"EMPLOYMENT OF EXPEDITORS AND ADMINISTRATIVE EMPLOYEES"

"SEC. 19. No loan shall be made by the Secretary under this Act to any business

enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, and the fees paid or to be paid to any such persons; and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent or employee of the Secretary occupying a position or engaging in activities with which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

"ANNUAL REPORT

"SEC. 20. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1960. Such report shall be printed, and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business firms located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Secretary, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Secretary such information as may be necessary for the purposes of this section.

"APPROPRIATION

"SEC. 21. In addition to appropriations hereinbefore specifically authorized, there are further authorized to be appropriated such sums as may be necessary to carry out the provisions and purposes of this Act.

"USE OF OTHER FACILITIES

"SEC. 22. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Secretary shall, to the extent practicable and with their consent, use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

"RECORDS AND AUDIT

"SEC. 23. (a) Each recipient of assistance under section 6 or 7 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have

access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6 or 7 of this Act."

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Pennsylvania [Mr. SCOTT]. On this question the yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, I am informed by the minority leader that the Senator from Pennsylvania and those who support him would be agreeable to a limitation of 10 minutes for them and 10 minutes for the opponents. Is that agreeable?

Mr. SCOTT. That is agreeable. I have had no request for time.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there be a time limitation with respect to this particular substitute amendment, 10 minutes to each side, the time to be controlled by the Senator from Pennsylvania [Mr. SCOTT] and the Senator from Illinois [Mr. DOUGLAS].

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. JAVITS. Mr. President, I have asked the Senator from Pennsylvania for a little time. Could I be given 5 minutes?

Mr. BUSH. Mr. President, I should like to ask the minority leader if he will ask now for a ye and nay vote on one more amendment to be offered jointly by me and by the distinguished Senator from New York [Mr. JAVITS]. In the interest of saving time, which the majority leader has requested, we have agreed to merge out two amendments into one and present them as one amendment. We should like to have a ye and nay vote on the amendment.

Mr. JOHNSON of Texas. I will say to the Senator that at the time his amendment is pending I will support him in his request for the yeas and nays.

The PRESIDING OFFICER. The Senator from Texas has asked unanimous consent for an agreement as to a time limitation with respect to the pending amendment.

Mr. JOHNSON of Texas. It is 10 minutes to each side, to be controlled, respectively, by the Senator from Pennsylvania [Mr. SCOTT] and the Senator from Illinois [Mr. DOUGLAS].

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Pennsylvania.

Mr. ALLOTT. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. BENNETT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BENNETT. What was the final determination as to the amount of time assigned to each side?

The PRESIDING OFFICER. Ten minutes to each side, the time to be controlled, respectively, by the Senator from Pennsylvania [Mr. SCOTT] and the Senator from Illinois [Mr. DOUGLAS].

The Senator from Pennsylvania is recognized.

Mr. SCOTT. Mr. President, there is no basic difference of opinion as to the continuing need for economic assistance to depressed areas throughout the Nation. We have only to look at the mounting unemployment figures to realize that serious economic illness persists—in the face of accelerating recovery and a new high level of prosperity.

We have the highest level of employment in our history, yet unemployment mounts. We have income at its highest peak and production booming, yet the family breadwinner in industrial and mining communities in Pennsylvania is walking the streets unemployed—a drain upon the unemployment compensation and public assistance rolls.

Technological changes, migration of industry, shifts in demand, depletion of resources—all have contributed to the complexity of this problem, and leave irreplaceable human resources in the backwash of the rising tide.

We cannot be healthy as a nation with sagging pockets of unemployment and underemployment, as unpleasant reminders of our lack of action, or inability to set our economic house in order.

Depressed areas are an expensive burden, which our country cannot afford to carry.

Mr. President, the urgency of the situation makes it a matter of prime importance that an area redevelopment bill be enacted; that it contain sufficient means for stimulating local and community efforts; and that it not face the ultimate hazard of a veto.

I do not mean to imply that our efforts to legislate should be overshadowed by such a possibility, but I am very aware of the time which has been lost in suffering that action last year.

No, I have no crystal ball whereby I can foresee what the President will do either with regard to the pending bill, or the substitute which I offer.

However, I am mindful of the message of disapproval, and my own conviction that we should not lose further time.

I am also mindful, Mr. President, of the possibility of a veto. I fear the Douglas bill may prove to be unrealistic by being in an amount greater than may gain approval, exactly as I fear the administration bill may be unrealistic by being in an amount less by far than necessary to meet the need.

My amendment calls for an appropriation of \$200 million for revolving fund loans. The emphasis is on loans from appropriated funds, as opposed to loans financed by borrowing from the Treasury.

My amendment calls for \$100 million for industrial redevelopment; \$50 million for rural redevelopment; and \$50 million for public facilities, all on a loan basis.

The pending bill would establish three \$100 million loan funds for the same purpose, plus \$75 million in outright grants for public facilities.

My amendment provides for a maximum Federal loan participation of 50 percent, with local, State or outside sources taking over the remaining 50 percent responsibility. The Douglas bill maintains 65 percent Federal participation.

My amendment calls for a maximum loan period of 30 years—the Douglas bill could go as far as 40.

My amendment would place the administration of the program in a separate administration established within the Department of Commerce. I am glad to note that the Douglas bill has departed from the idea of setting up an Area Redevelopment Administration as a constituent agency of Housing and Home Finance. A new separate administration will take time for organization and staffing. I believe that Commerce is the logical Department to have the major responsibility for coordination of this program. Its organization is geared to deal with problems of business and industry.

Mr. President—my amendment provides a practical and reasonable approach to this problem—hitting, as my able friend the senior Senator from Illinois stated on one occasion—a middle-of-the-road position.

I admit that it is middle-of-the-road, between the extremes of S. 722 on the one hand, and the inadequacy of the funds provided in the administration proposal.

I trust that the vote on my amendment in the nature of a substitute for Senate bill 722 may be favorable, for the reason that I believe it would have a far better chance of approval by the administration than the Douglas bill, and because I believe that it would be more effective than the administration bill in meeting the needs of the times in my State and other States.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a brief analysis of my amendment to the area redevelopment bill.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

BRIEF ANALYSIS OF AREA REDEVELOPMENT BILL, INTRODUCED BY SENATOR HUGH SCOTT, INTENDED TO BE OFFERED AS AMENDMENT IN NATURE OF A SUBSTITUTE TO S. 722

1. Authorizes appropriation of \$200 million for a revolving loan fund: \$100 million, industrial areas; \$50 million, rural areas; \$50 million, public facilities.

2. Provides for Federal loan participation of 50 percent, with State, local government, or nongovernment sources providing matching 50 percent.

3. No outright grants for public facilities.

4. Provides for loans over period of 30 years.

5. Places program under Department of Commerce.

6. Authorizes Secretary of Commerce to determine realistic rates of interest on all loans.

7. Authorizes loans to industrial areas with following unemployment levels: 15 percent unemployment for 6 months, or 12 percent unemployment for 1 year, or 9 percent for

15 out of 18 months, or 6 percent for 18 out of 24 months, preceding date of application.

3. Contains special urban renewal section to permit Housing and Home Finance to give financial assistance to urban renewal projects in municipalities, without regard to predominantly residential requirement.

9. Contains Davis-Bacon Act provision to assure prevailing wage and 40-hour week on contracts.

10. Authorizes technical assistance of \$3.5 million for surveys and evaluation studies.

11. Requires State or its instrumentality to establish local redevelopment plans.

12. Establishes Cabinet-level Advisory Board and 25-member Public Advisory Committee.

Mr. SCOTT. Mr. President, I desire to yield at this time to my good friend the distinguished senior Senator from New York [Mr. JAVITS].

Mr. JAVITS. Mr. President, I desire to express my support for the substitute offered by the Senator from Pennsylvania [Mr. SCOTT], on the grounds, as he has stated, that it is a fair middle-of-the-road proposal.

The PRESIDING OFFICER. Did the Senator from Pennsylvania indicate how much time he wished to yield to the Senator from New York?

Mr. SCOTT. I yield 2 minutes. How much time have I left?

The PRESIDING OFFICER. The Senator has 4 minutes.

Mr. SCOTT. I yield 2 minutes to the Senator from New York.

Mr. BUSH. Mr. President, may I have 1 minute?

Mr. SCOTT. I will yield 1 minute to the Senator from Connecticut.

Mr. JAVITS. Mr. President, I point out that what is sought here is to do something in connection with the very vexing problem of the domestic areas with chronic unemployment.

As one who constantly supports a foreign aid program, which I consider indispensable to the American scene, I feel it my duty to support a meaningful program for our own distressed areas. I think this is the minimum meaningful program. Therefore, consistent with the idea of budget balance, as nearly as it can be attained considering our national needs, I support the amendment offered by the Senator from Pennsylvania.

I point out further that this is a hard-headed proposal. I believe that the 50-percent participation is all that it should be, and that it is not necessary to go to the 65-percent limitation in the Douglas bill.

Finally, I point out that the amendment excludes machinery and equipment. I think that is a very desirable change. I shall have another opportunity to argue that question, because the Senator from Connecticut and I will offer an amendment which would incorporate that idea, and would save up to \$100 million in connection with this bill alone.

I believe that the amendment in the nature of a substitute offered by the Senator from Pennsylvania is a fair approach for those who are trying for some kind of balance between income and outgo in Government funds, and who, at the same time, wish to help strike a blow

in areas of chronic unemployment, of which there are a considerable number in my own State of New York.

Mr. SCOTT. I now yield 1 minute to the Senator from Connecticut [Mr. BUSH].

Mr. BUSH. Mr. President, I subscribe to what the distinguished Senator from New York has said about the merits of the amendment of the Senator from Pennsylvania [Mr. SCOTT], as distinguished from Senate bill 722. I shall vote for the amendment of the Senator from Pennsylvania, not because I would vote for it on final passage, which, indeed, I would not. I would oppose it; but because I think it is an improvement upon Senate bill 722, the pending business of the Senate, I shall vote for the amendment.

Mr. SCOTT. Mr. President, I believe I have 1 minute left. I should like to reemphasize what I pointed out in an earlier colloquy, namely, that the formula under the administration bill does not cover several of the most populous areas of my State. I suspect that is true of other States. The Douglas measure has accepted a formula somewhat similar to that in the administration bill. Therefore, certainly for my State, and perhaps for many other States, I believe the amendment which I offer more nearly meets the problem and the needs which the problem presents.

Mr. President, I yield back the remainder of my time.

Mr. DOUGLAS. Mr. President, I yield 2 minutes to the Senator from Pennsylvania [Mr. CLARK].

Mr. CLARK. Mr. President, it is with considerable regret that I find myself opposed to the position taken by my distinguished colleague from Pennsylvania. We see eye to eye on many matters, despite the fact that the aisle separates us. However, on this occasion I must urge the Senate to reject his amendment. I do so for the following reasons:

Not only in my State of Pennsylvania, but elsewhere, my junior colleague's amendment would not do the job. He would reduce the grants in rural areas from \$100 million to \$50 million. That would be unfair, because as a result of the cutback twice as much money would go to industrial areas as to rural areas.

The amendment of my colleague would reduce the loans for community facilities by half. That is not fair, because the most hard-pressed communities are those which need community facilities and are unable to obtain credit on the open market to build them. Without community facilities, such as sewers, industrial water supply, roads, and parks, it would be impossible to induce industry to locate in a depressed area.

The amendment of my colleague would eliminate \$75 million in grants for communities which are in such dire financial straits that they are quite unable to make loans which could be repaid. That would be unfair because it would prevent the most depressed areas from qualifying for this relief.

The amendment of my colleague would place the administration of the

bill under the Department of Commerce. That would mean that we would never get the program underway, because the former Department of Commerce chief and the present Secretary of Commerce are both opposed to the provisions of the bill.

My colleague calls upon the Secretary of Commerce to determine realistic rates of interest. Note those words—"realistic rates of interest." That means high interest and tight money. For that reason the amendment of my good friend from my home State would come pretty close to reducing the efficacy of the bill more than half, just as he would cut in half the amount of money to be appropriated for hard-pressed areas.

Mr. SCOTT. Mr. President, will the Senator yield?

Mr. CLARK. I am happy to yield if I have the time.

Mr. SCOTT. First of all, it is regrettable that we differ on this question. My provision for interest is intended to meet the market rate for interest, in order to be realistic. My purpose in proposing a lesser amount than the senior Senator from Pennsylvania supports is that, among other things, I think my proposal would have a far better chance of approval.

My objection to an independent agency is that it would require more than a year to put such an agency into operation. We are operating under an emergency situation; and long before the Senator's independent agency could ever become effective, unemployment would have become very much worse.

I believe the Department of Commerce would faithfully execute any instructions given to it by the Legislature.

Mr. CLARK. Mr. President, like Voltaire, I thoroughly disagree with what my distinguished colleague says, but I would defend to the death his right to say it.

Mr. SCOTT. Then, as Voltaire counsels, let us both cultivate our garden and hope that some action will be taken.

Mr. DOUGLAS. Mr. President, I yield 2 minutes to the able Senator from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Mr. President, I shall require more time than that.

Mr. CAPEHART. Mr. President, I yield 12 minutes to the able Senator from Virginia on the bill.

Mr. CLARK. Mr. President, I understood that the time for debate had expired.

Mr. ROBERTSON. I shall need 2 minutes on the amendment and 12 minutes on the bill; 14 minutes altogether.

The PRESIDING OFFICER. On the bill itself, that is.

Mr. ROBERTSON. Yes.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. Is there not a unanimous consent agreement in effect that the vote on the pending amendment would come after the expiration of 10 minutes of debate on each side?

The PRESIDING OFFICER (Mr. Moss in the chair). The Chair is advised that

the agreement simply stated that 10 minutes would be allotted on each side on the amendment. However, there was no stipulation as to a vote.

Mr. CLARK. The second part of my inquiry is this. Is my understanding correct—and I see the majority leader on the floor—that as much time can be used on the amendment, allowed from the time on the bill, as Senators may request?

Mr. JOHNSON of Texas. Oh, yes. Some Senators must leave the Chamber to attend a meeting with the Prime Minister of Great Britain at 6 o'clock. I hope we will not talk the bill to death in the meantime.

Mr. CAPEHART. Mr. President, I yield 12 minutes on the bill and 2 minutes on the amendment to the Senator from Virginia [Mr. ROBERTSON].

Mr. DOUGLAS. I, too, yield the time to the Senator from Virginia. He now appears under double auspices. [Laughter.]

Mr. ROBERTSON. Mr. President, so far as the disagreement between the two distinguished Senators from Pennsylvania is concerned, I must side with the senior Senator from Pennsylvania. I do not understand how any Member of the Senate who believes in the philosophy of the bill—and the junior Senator from Virginia does not believe in it—can fail to recognize that one of the weaknesses of the bill is that not enough money is provided by the bill to do what is sought to be done. The amendment would make it only half as effective as it would otherwise be. Anything less than \$389½ million would be worthless, in my opinion, from the standpoint of those who favor the enactment of the proposed legislation.

Mr. President, the Committee on Banking and Currency reported S. 722 by a vote of 9 to 6. The minority, of which I was a member, consisted of three Democrats and three Republicans. I wish to call the Senate's attention to the minority views, which consist of pages 39 through 46 of the committee report. I ask unanimous consent that the minority views be inserted in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ROBERTSON. Mr. President, on Friday, March 20, the Washington Daily News published an editorial entitled "Distress Compounded," in which the editors refer to the minority report. I ask unanimous consent that this editorial be inserted in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. ROBERTSON. Mr. President, I also wish to call attention to the fact that on September 6, 1958, the President issued a memorandum of disapproval of S. 3683, the area redevelopment bill which had been enacted by the last Congress just prior to its adjournment.

I digress here to say that those of us who voted against that bill just before Congress adjourned at the last session were very much encouraged by the fact

that the vote on the substitution of \$53 million in place of nearly \$400 million was substantially large and the bill last year was about \$100 million less than the bill we have before us and on which we expect to complete action before adjournment tonight.

This bill called for the expenditure of \$279.5 million, or \$110 million less than the \$389.5 million proposed in the bill now before the Senate. I ask unanimous consent that a copy of this memorandum of disapproval be inserted in the RECORD following the insertions which I have previously requested.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. ROBERTSON. Mr. President, I do not intend to speak at length on the measure. All Senators are familiar with it, I am sure, and we wish to finish consideration of it before 6 o'clock this evening.

I am willing to stand on the record made by the minority views. I do wish to call attention, by way of emphasis, to a few defects of the bill.

The bill, S. 722, is an arbitrary and discriminatory one, contrary to the basic principles of a free economy in which flexibility rather than rigidity is a necessary attribute. By injecting the power and resources of the Federal Government into the so-called distressed areas, the bill would offer incentives to industrial plant location in those areas. The inducements which are proposed to be offered are extremely attractive. A new factory building, complete with all necessary machinery and equipment, on a choice location, supplied with all necessary public facilities, would be available. Moreover, the workers for the factory would be trained for their new jobs at Government expense for 4 months.

It is ironic that, through the Federal income-tax system, the more prosperous communities would be forced to subsidize competitive industries in less prosperous communities. There can be no justification for the use of Federal funds to help certain communities attract new industries at the expense of other communities that receive no Federal aid.

Instead of attempting to find a real solution to the complex problems of chronic unemployment and underemployment, the proponents of this proposed legislation have taken the easy course of attempting to find a new channel into which to pour Federal funds. Federal loans and grants may provide temporary relief in a few localities, but a lasting solution of the problem can come only through local leadership and local initiative.

The bill creates a new permanent Federal agency, in addition to existing agencies already engaged in related programs, with no limitation on the new Agency's number of employees.

The bill provides for the financing of \$300 million of the \$389.5 million through the well known back-door approach to the Treasury. These funds would not be subject to the appropriation procedures, but borrowed from the Treasury, with no provision for the repayment

or termination. The funds would revolve and, no doubt, would be vastly increased by the pressures of later demands.

The proponents of this bill have themselves admitted that even the vast amount of money provided in the bill is inadequate. The Senator from West Virginia [Mr. RANDOLPH] has described the bill as "offering promise of a constructive beginning"—CONGRESSIONAL RECORD, March 20, 1959, page 4249. I call special attention to those portions of the minority report which indicate that the cost of providing jobs for only 8 percent of the Nation's unemployed under this program, at \$10,000 to \$15,000 per job, would amount to from \$3.9 billion to \$5 billion. If it is true, as the Senator from West Virginia says, that the program is a beginning, the total amount necessary to do the total job staggers the imagination.

In taking a position in opposition to this bill, I do not wish to appear unaware of the unemployment problem or to suggest that I lack interest in its solution. However, any attempt at a solution which does violence to our system of free competitive enterprise is a disservice, not only to those whom it is designed to assist, but to all our people, and to those who will follow after them in generations to come.

Certainly those of us who attribute to our system of private enterprise the credit for per capita wealth, income, and standards of living, excelling those of all other nations, would be unwilling to admit that in this country private enterprise is beginning to fail. We deny that the remedy for what ails it is to make the Government a partner in the production of goods and services. Throughout the remarkable technological developments of the 20th century there have been recurring dislocations inevitable, as a matter of course, when a nation moves in a relatively brief period from what is called the "horse and buggy days" to the motor age. Implicit in any system of economic freedom is the freedom to fail as well as the freedom to succeed. It is through these freedoms that private enterprise makes its adjustments to technological advance. And if, as I have said, we believe that our present overall economic strength is due more to our American system of free competitive enterprise than to any other factor, we should prefer that any program to sustain prosperity include the careful judgment of private enterprise concerning future prospects of production in a climate favorable to its success. The present bill makes unemployment the test, ignoring the reasons for unemployment in a given area, and, in fact, selecting areas for development by reason of the very fact that their economies have deteriorated.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. LAUSCHE. In the course of the hearings were the causes for the blighted areas or depressed areas developed? Was specific inquiry made as to why the present depressed areas have developed in some States?

Mr. ROBERTSON. Of course, it is quite evident that when the production of coal went down from 600 million tons of coal to 400 million tons, in the southwestern area of Virginia and in West Virginia and in parts of Pennsylvania, work was lost to the extent of one-third, and that has been the condition ever since.

Mr. LAUSCHE. Was there developed the thought that some States, because of their governments, have created an unfavorable business climate and have driven enterprises out of their States?

Mr. ROBERTSON. That was not stressed in the hearings, but I have just referred to it when I said that I wanted the advice of private enterprise on locations which would be favorable to such enterprise and to successful operations. That was simply the other side of the picture. No one who favored the bill would admit that one reason why there was unemployment was that the local climate was not favorable to private enterprise.

Mr. President, the bill is a radical departure from my concept of the proper role of the Federal Government. It is costly, inflationary, arbitrary, and unworkable. I hope it will be defeated.

I yield back the remainder of my time.

EXHIBIT 1

MINORITY VIEWS OF Mr. ROBERTSON, Mr. FULBRIGHT, Mr. FREAR, Mr. CAPEHART, Mr. BENNETT, AND Mr. BUSH

INTRODUCTION

The committee has voted, 9 to 6, to launch a new Federal program in a new Federal agency, with an initial authorization of \$389,500,000, plus administrative costs, aimed at alleviating conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

We do not deny the existence of serious problems in certain areas, but we believe the bill, S. 722, is fundamentally wrong in its approach and unworkable in its terms and its administration.

The sponsors of this bill have proposed a complex program which is basically discriminatory and unworkable. The tragedy in this bill is not only the fact that the Federal Government would be involved in wasteful and discriminatory expenditures, but more significantly, by initially labeling certain areas as depressed areas, the Government would raise false hopes for economic redevelopment in a program that is impossible to administer equitably.

ADMINISTRATION INEQUITIES AND OBSTACLES

Discrimination in favor of few

Careful scrutiny of the table in the appendix and the bill's provisions shows that only a very small proportion of the Nation's unemployed would be singled out as eligible for the alleged benefits of the program, and it should be noted that the selection process is based on purely arbitrary criteria.

As of November 1958, the number of unemployed in 23 major labor areas and 89 minor areas that would qualify for assistance under S. 722 was 768,800 or only 16 percent of the total volume of the Nation's unemployed. Furthermore, since the proposed program is presumably geared only to the goal of eliminating unemployment in excess of 6 percent in these areas, it would focus essentially on eliminating only 390,800 from the ranks of the unemployed, or 8 percent of total national unemployment.

The bill proposes that the Federal Government loan \$100 million in depressed industrial areas and \$100 million in low-income rural areas. These funds would be available

for construction or renovation of factory buildings and equipping them with machinery. The committee has received evidence indicating that an investment of from \$10,000 to \$15,000 is required to support an industrial job. Thus, to provide jobs for the 390,800 unemployed who are the prospective beneficiaries of the bill would cost from \$3.9 billion to \$5 billion, of which the Federal share could be 65 percent. The proponents themselves agree the amounts provided in the bill are inadequate. But, we believe, once this program is started, these additional amounts will be demanded.

Criteria: Arbitrary and unworkable

The criteria used for selecting such a small proportion of unemployed are clearly arbitrary in nature. They provide little basis for distinguishing between cyclical unemployment, the elimination of which is not the purpose of the proposed legislation, and chronic unemployment, presumably the primary target. The weakness of the criteria is clearly evident in the apparent selection of two major areas and six smaller areas made eligible for assistance solely on the basis of unemployment 100 percent above the national average for one of the preceding 2 years. The major areas are Lorain-Elyria, Ohio, and Huntington-Ashland, W. Va. The smaller areas are Newcastle, Ind.; Ionia-Belding-Clarksburg, W. Va.; Greenville, Mich., and Owosso, Mich.; Auburn, N.Y.; and New Castle, Pa. How is the Administrator to determine that these areas are suffering no more than a slow recovery from a cyclical recession?

Under the provisions of the proposed bill, an area may automatically be stamped a "redevelopment area" despite a pronounced improvement in its percentage of employment. South Bend, Ind., for instance, would be eligible for assistance under the bill despite the fact that its percentage of unemployment has declined from more than 16 percent in May of 1958 to around 7 percent in January 1959. Conversely, other areas, now ineligible may be moving toward distress. Fixed unemployment percentages and time periods do not provide an adequate basis for appraising the direction of change in the unemployment picture.

What is the rational basis for arbitrarily selecting a 6 percent volume of unemployment as the basic cutoff point in eligibility considerations? Are we to assume that all unemployment above 6 percent for a specified period reflects chronic conditions, while a lower unemployment percentage for the same time span reflects only frictional or short-run phenomena? Clearly, the evidence available does not support such a distinction. Differentials in unemployment percentages may suggest differentials in severity of unemployment but certainly furnish no insights as to the basic factors underlying unemployment in a given area nor any basis for placing the official "redevelopment area" stamp on particular areas and not on others with slightly lower percentages of unemployment.

The criteria for eligibility, by their nature, impose an impossible burden on the administration of the program. In the absence of detailed area studies of the forces underlying high unemployment, the Administrator is placed in an unenviable position of making discriminatory judgments, in favor of some unemployed, and against others, without having a clear-cut basis for his decision.

Furthermore, once having made his determination of eligibility, how does the Administrator ration admittedly inadequate funds as noted heretofore to solve all the needs of each eligible area?

It will be impossible to meet the demands of all the areas, industrial and rural, eligible for assistance. Pressure will be applied to the Administrator of the program and to Members of the Congress by local communi-

ties seeking aid. Since the criteria for eligibility give little or no consideration to economic or business standards, the Administrator may well be forced to choose among the applicants on the basis of favoritism and political expediency. The procedure for processing applications by State or local government departments and by private local committees, if there is no appropriate governmental unit, offers no protection in this regard and, in fact, would intensify the competition among applicants. The situation is further aggravated by the fact that there is no limitation on the amount of funds that may be loaned or granted in any one State.

The bill also provides authorization for \$75 million in PWA-type grants for up to 100 percent of the cost of public facilities, with the amount of the community's contribution left solely to the Administrator's discretion. This provision opens up even greater possibilities for politics and favoritism in the distribution of this huge amount of money. However, municipalities who think they see in this grant program a new source of funds for enlargement or improvement of needed public facilities, may also be disappointed to learn that such enlargements in improvements must be related to a private industrial or commercial development which will provide additional permanent employment.

Discrimination within industries

Moreover, not only would the bill promote discrimination by the Federal Government in favor of some areas at the expense of others, it would also promote such discrimination to benefit some companies within a given industry at the expense of competitors.

Assume a situation in which several companies have plants in various parts of the country, none of which are in a so-called "depressed area."

Company A, employing 250 persons, is at a competitive disadvantage because it has not kept pace with the industry as a whole in modernizing its factory and improving machinery.

A community eligible for redevelopment under the bill builds and equips a factory with Federal assistance, and induces company A to relocate.

A double discrimination, promoted with Federal funds has thus taken place: Discrimination against the area of original location of company A and discrimination against company A's industrial competitors.

Administrative difficulties compounded in rural program

Most of what we have said about the defects of this bill, and the fundamental approach which it takes, has been directed at the "Industrial redevelopment areas" classification. These are those areas which have had industrial development in the past and, because of the flexibility and mobility of industry, depletion of natural resources and technological change, have deteriorated. The bill also attempts a program of rural development. At least superficially, the bill attempts to equate the benefits between the two types of areas. In the predecessor bill, S. 3683, 85th Congress, this precept, was also included, but the number of rural counties eligible for development was limited to 300, or 10 percent of the 3,000 counties in the country. This bill eliminates that restriction. However, the criteria for selection are virtually the same, and open up endless possibilities for pressures to be exerted on the administrator to be political or capricious in his decisions. The very vagueness of the criteria, based upon data which is neither adequate nor current, has led many representatives of rural areas to assume mistakenly that their areas will be selected for development.

The map, entitled "Labor Market Areas Which May Qualify for Assistance Under S.

722, February 1959, and Low Income and Level of Living Areas in Agriculture, 1955" which appears opposite page 110 in part 1 of the hearings and facing page 58 of this report, shows a total of 1,209 counties—more than we believe even the proponents would contend could possibly meet all the criteria of this section of the bill. The map is based on 1955 data, so far as the rural areas are concerned.

We are interested in rural development and in the balancing of the farm economies in many rural areas with industrial development. We favor this because of the high costs and other deficiencies of farm programs, particularly as they affect low-income farmers.

However, the political impetus behind this bill is clearly derived from the deteriorated industrial areas which seek to return to the status quo ante. Believing, as we do, that the administration of the program is bound to be affected by this political bias, we also believe that the development of rural areas promised by this bill will not be fulfilled. On the contrary, we think that their progress toward development will be deterred. Their location with respect to expanding markets, their proximity to natural resources, and other advantages which they would have under private market decisions would be subordinated. Overriding these considerations would be political pressures or arbitrary decisions taking their impetus from industrial areas which seek to return to their former status.

How long is aid to be continued in a particular area? The bill provides no benchmarks for terminating Federal assistance. Since revival cannot be guaranteed, it would always appear that Federal aid was not enough. The proposed bill provides no protection or safeguards against the inevitable pressures from those seeking aid and those fighting against the termination of such aid.

The dilemma of antipirating restrictions

The complete unworkability of the proposed legislation is clearly illustrated by the attempt of its proponents to meet the so-called runaway shop or industry-pirating problem.

The bill includes a so-called antipirating provision stating that Federal loans shall not be made to assist "establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment."

While we differ as to the effectiveness of the proposed language, we agree that the proponents of the bill have placed an impossible burden upon the Administrator, who would face this dilemma:

If areas are to be redeveloped to the maximum extent possible, the inducements offered by the Federal Government in cooperation with other public and private agencies, are bound to encourage the transfer of jobs and facilities from one area to another. The very essence of growth and development involves movement of resources. A manufacturing firm with a branch plant built under a depressed areas program will want to remain free to allocate production among its various plants in future years. Communities in almost every State and congressional district are interested in attracting new industry and jobs. Clearly, under an unrestricted area redevelopment program, communities are certain to feel the impact of any redistribution of resources and jobs induced by the availability of Federal money to areas which are currently depressed. Thus, the danger arises that new depressed areas may be created in an attempt to eliminate those now existing.

On the other hand, if the proposed legislation places severe restrictions on the entry of firms into depressed areas in an effort to guard against the so-called industry-

pirating problem, the program of redevelopment may well be seriously handicapped.

In short, the Administrator's problem, under the bill is one of either building up some areas at the expense of others or attempting to comply with a legislative standard which is unenforceable. There are no criteria for determining the amount of unemployment that might be regarded as inflicting substantial detriment upon a community. Would the relocation of an industry providing 100 jobs from Detroit to another State result in sufficient additional detriment to a community with 217,000 already unemployed to be reckoned as substantial? How and when would the Administrator ascertain that redevelopment in one area violates the apparent intent of the Senate to avoid pressures in other areas?

IMPROPER INTERFERENCE WITH PRIVATE MARKETS

The basic defect of the approach of this bill is this: It runs counter to the precepts of what is still essentially a private market mechanism operating within a dynamic and growing economy.

Resource allocation in a private economy

In such an economy, the decisions of what to produce, how to produce, how much to produce, and where to produce are guided by relationships between prices and costs and what such relationships suggest as to existing and anticipated profits.

If buggy whips are no longer desired, the effective demand falls, the profits disappear and resources tend to shift to other commodities and regions where demands relative to supply are much stronger. If automobile manufacturers expand too rapidly, and overshoot the mark because they have miscalculated the absorptive capacity of the automobile market, some companies will retrench or disappear under the pressure of falling returns. Surplus resources in such a situation tend to move to other economic fields and possibly, and properly, to other regions. It is to be expected that in the course of change and growth, some commodities, particular occupations, and certain regions will decline in economic significance, while others will increase in significance. This is the normal process of adjustment which takes place in a free dynamic economy. There is nothing in the free enterprise system to suggest that a geographical region should continue to have the same economic significance it has always had. There is nothing in a private market economy to suggest that a heavily industrialized area such as Detroit can maintain the rapid rate of growth it enjoyed in the past.

The effective operation of a private market economy does suggest the importance of flexibility in the allocation of resources. Adjustment to changes introduced by technology, demand shifts, etc., require a high degree of mobility of resources, including labor and entrepreneurial ability. The strength of the United States to a great degree is attributable to the fluidity of its resources among such areas as could use them most efficiently. Unlike the economies of other continents, the economy of the United States has been able to distribute its resources into their most efficient uses without regard to State boundaries or regional areas. This has always been an essential strength of our political system—that it permitted these adjustments.

The high cost of Government interference

The proposed bill contradicts the basic prerequisites of our economy by placing the Federal Government in the dangerous position of attempting to induce resources into a region already labeled by market forces as economically unattractive.

The determination of eligible areas is based primarily upon arbitrary criteria—the percentage and duration of unemployment. These criteria entirely ignore the reasons for the unemployment and underemployment in

a given area, and the potentialities for redevelopment of the area. The areas are selected for redevelopment by reason of the very fact that their economies have deteriorated. They are selected for redevelopment notwithstanding the fact that private investors do not consider them as attractive as other areas. Whether or not the private judgment is correct, it is artificial and paradoxical to use the very fact of deterioration as the basis for a Federal decision that these areas are the ones to be selected for redevelopment. If any conclusion is to be reached because of their deterioration and inability to attract private investment, it would seem to be that—for any number of reasons—their redevelopment is not economically feasible when compared to other areas. These areas have attracted private investment in the past; they do not attract it now.

The bill's efforts to restore a given area by means of low-cost loans and grants only contributes to a weak and uncertain foundation for that area and to substantial detriment to other areas not eligible for Federal assistance.

What the sponsors of the bill fail to recognize is that redevelopment of certain distressed areas may be obtained only at a high real cost—namely, the goods and services lost to the economy by forcing an allocation of resources which does not permit their most efficient utilization. If Detroit is now suffering from the excesses of industrial overexpansion relative to existing markets, we solve no fundamental problem by inducing resources to such an area, when such resources might be used more appropriately elsewhere.

The Employment Act is cited by the proponents of this bill as an argument for this type of Federal intervention. We do not deny the responsibility of the Federal Government to assist in maintaining maximum employment and purchasing power. We do dispute the contention that the Federal Government, in disregard of economic facts, can and should restore, in selected areas, employment and purchasing power to levels experienced in the past. The Federal Government's responsibility under the Employment Act is general in nature and should never be construed as an effort to preserve the status quo in every segment, industry and area of the economy.

If we are to have overall economic growth with a minimum of inflationary cost increases, we must strive to maintain flexibility, not rigidity, in the allocation of our resources. We believe the policy objective enunciated in the Employment Act is not merely the full utilization of resources, but, rather, the full and most efficient use of resources so as to provide the maximum volume of goods and services at a minimum of cost. The decision of where to locate a particular industry should be a private one—without any intervention by the Federal Government, so long as we depend upon the private market mechanism as the one which makes the most efficient decisions in this respect.

FAILURE TO RECOGNIZE EXISTING PROGRAMS

The devices established in the bill to carry out its objectives are defective in the failure to recognize existing programs, thus causing a duplication of efforts. The bill proposes to create a new agency. The creation of this new agency completely ignores the existence of the Area Development Office in the Department of Commerce and the rural development program in the Department of Agriculture.

During the last Congress the Small Business Investment Act was initiated. Although the sponsors of this bill, S. 722, have deprecated the progress made in implementing the Small Business Investment Act, the solution to that problem is not to ignore it, nor to pass legislation which would duplicate its functions in the apparent hope that the duplicating of functions will, somehow, cure the lack of progress complained of. The duplicating functions provided in S. 722 undoubtedly will involve longer delays in implementation, if only because they involve the creation of a new agency.

The thesis behind the Small Business Investment Act (Public Law 85-699) was that there was an institutional gap in our economic structure which made it difficult, or unduly expensive for small businesses to obtain long-term credit and equity capital. This conclusion was founded upon a study conducted by the Federal Reserve Board. Neither this study, nor the legislative hearings and reports, indicated in any way that this credit gap was limited to particular areas of the country. On the contrary, as an institutional defect, the inadequacy of long-term and equity facilities, was found to be nationwide.

It was found that this defect was being met, in part, by the mushrooming of State and local development corporations—now some three thousand in number—which needed additional funds to lend to small business concerns. They were made eligible for long-term loans. The act also provided for assistance in financing (and another act provided tax incentives) for privately organized small-business investment companies, with a large part of their funds coming from private sources. These companies, in turn, will make long-term loans and equity-type investments in small business concerns. The loans and investments would be based upon private judgment of the entrepreneurs, with some risk and some possibility of profit, with minimum interference from the Small Business Administration. Two hundred and fifty million dollars was authorized for loans to and investments in State and local development corporations and small-business investment companies, wherever located.

The program provided in S. 722 is an unwarranted duplication of the provisions of the Small Business Investment Act, and because of its dependence upon artificial criteria for area eligibility, is the least desirable of these duplicating programs, as it

puts the Federal Government in the position of influencing the location of industry.

CONCLUSION

We oppose S. 722 because it is arbitrary, discriminatory and antithetical to the basic tenets of a free economy in which flexibility, not rigidity, is essential in the allocation of resources. The bill, if successful, would tend to freeze our economy in a fixed pattern on the basis of criteria which do not take into account reasons for economic deterioration and potentialities for development.

The cost of the program is excessive, particularly in terms of the projected benefits. The initial authorization of \$38.5 million at \$10,000 to \$15,000 per job would not begin to provide jobs for even the 390,800 unemployed who are the prospective primary beneficiaries of the bill. (This is the number of unemployed in the eligible areas whose joblessness makes these areas eligible.) To provide jobs for this number, at \$10,000 to \$15,000 per job, would cost from \$3.9 billion to \$5 billion. Thus, the undertaking of this program creates precedent and pressures for immense additional expenditures of Federal money. Yet the projected benefit is to provide jobs for only 8 percent of the Nation's unemployed.

The bill provides for \$75 million in grants for public facilities, for up to 100 percent of cost, the communities' contributions to be fixed at the Administrator's discretion, opening up great opportunity for abuse.

The bill creates a new permanent Federal agency in addition to existing agencies already engaged in related programs, with no limitation on the new agency's number of employees.

The bill provides for the financing of \$300 million in loans, such money not to be appropriated, but borrowed from the Treasury, with no provision for repayment or termination. The funds will revolve, and in view of their acknowledged inadequacy, there will be great pressure for expansion.

By approaching the problem of unemployment on a local or area basis, the bill puts the Federal Government in the position of influencing the location of industry without adequate safeguards to existing developed areas and to the detriment of previously underdeveloped areas which are progressing toward industrial development.

While we are aware of the problems confronting the people of depressed areas, we are equally aware of the necessity for opposing all programs which strike at the general efficiency of our private economy. We also believe that the program is unworkable in its terms and administration and, therefore, that it will be a disservice to these people to falsely raise their hopes of relief by this means.

A. WILLIS ROBERTSON.
J. W. FULBRIGHT.
J. ALLEN FREAR, Jr.
HOMER E. CAPEHART.
WALLACE F. BENNETT.
PRESCOTT BUSH.

APPENDIX

Labor force and unemployment in areas of substantial labor surplus¹—Major and smaller areas

State and area	Areas probably eligible for assistance under 2—		Estimated labor force	Unemployment		Date of information on labor force and unemployment	State and area	Areas probably eligible for assistance under 2—		Estimated labor force	Unemployment		Date of information on labor force and unemployment
	S. 722	S. 1064		Number	Percent of labor force			S. 722	S. 1064		Number	Percent of labor force	
Alabama:							Alabama—Continued						
Major areas:							Smaller areas:						
Birmingham			265,750	17,550	6.8	January 1959.	Alexander City			19,779	2,275	11.5	August 1958.
Mobile			118,170	7,300	6.3	Do.	Anniston			34,245	3,480	10.2	Do.

Footnotes at end of table.

APPENDIX—Continued

Labor force and unemployment in areas of substantial labor surplus ¹—Major and smaller areas—Continued

State and area	Areas prob- ably eligible for assist- ance under ² —		Esti- mated labor force	Unemploy- ment		Date of informa- tion on labor force and unem- ployment	State and area	Areas prob- ably eligible for assist- ance under ² —		Esti- mated labor force	Unemploy- ment		Date of informa- tion on labor force and unem- ployment
	S. 722	S. 1064		Num- ber	Per- cent of labor force			S. 722	S. 1064		Num- ber	Per- cent of labor force	
Alabama—Continued							Maryland:						
Smaller areas—Continued							Major area:						
Florence-Sheffield	X	X	45,535	4,775	10.5	December 1958.	Baltimore			717,400	56,700	8.1	January 1959.
Gadsden			33,666	2,960	8.8	July 1958.	Smaller areas:						
Jasper	X	X	17,150	2,450	14.3	October 1958.	Cumberland	X	X	40,600	5,350	13.2	August 1958.
Talladega	X ³		20,440	2,280	10.9	November 1958.	Frederick			24,125	1,550	6.4	October 1958.
Alaska, smaller area: An- chorage	X		23,860	1,720	7.2	August 1958.	Westminster			16,850	1,375	8.2	December 1958.
Arkansas, smaller area: Fort Smith			31,400	1,850	5.9	December 1958.	Massachusetts:						
California:							Major areas:						
Smaller areas:							Brookton			57,080	4,700	8.6	January 1959.
Eureka			39,800	1,200	3.0	September 1958.	Fall River	X	X	57,220	6,620	11.3	Do.
Ukiah			23,400	800	3.4	Do.	Lawrence	X	X	57,350	5,350	9.5	Do.
Colorado, smaller area:			38,904	2,750	7.0	November 1958.	Lowell	X	X ³	54,350	6,100	11.5	Do.
Pueblo							New Bedford	X	X	67,150	8,550	12.9	Do.
Connecticut:							Springfield-Holyoke			198,840	17,000	8.6	Do.
Major areas:							Worcester			121,350	11,800	9.7	Do.
Bridgeport			142,300	16,000	11.1	January 1959.	Smaller areas:						
New Britain			47,300	4,900	10.3	Do.	Fitchburg			42,290	3,350	7.9	July 1958.
New Haven			145,200	11,500	7.8	Do.	Greenfield			17,570	1,500	8.5	Do.
Waterbury			78,000	8,100	10.0	Do.	Haverhill			21,620	2,250	10.4	August 1958.
Smaller areas:							Marlboro			19,410	1,280	6.6	December 1958.
Ansonia			20,630	2,200	10.7	December 1958.	Milford	X ³		20,240	1,970	9.7	Do.
Bristol	X	X ³	19,900	2,600	13.1	Do.	Newburyport			14,220	1,550	10.9	Do.
Danbury			27,800	1,700	6.1	Do.	North Adams	X		17,670	2,860	16.2	August 1958.
Danielson	X	X	15,200	1,500	9.9	October 1958.	Pittsfield			32,300	2,520	7.8	December 1958.
Meriden			39,820	3,600	9.0	December 1958.	Southbridge-Webster	X	X ³	22,700	2,450	10.8	Do.
Middletown			30,000	2,600	8.7	Do.	Taunton	X ³		26,490	3,320	12.5	July 1958.
Norwich	X ³		22,150	2,200	9.9	Do.	Ware			14,340	1,450	10.1	Do.
Thompsonville			27,680	2,800	10.1	Do.	Michigan:						
Torrington			26,070	2,600	10.0	Do.	Major areas:						
Willimantle			15,400	1,100	7.1	Do.	Battle Creek			53,800		7.0	January 1959.
Georgia, smaller area: Toe- coa			17,870	1,240	6.9	September 1958.	Detroit	X	X	1,521,000		14.6	Do.
Illinois:							Flint	X		141,300		7.0	Do.
Major areas:							Grand Rapids	X		140,000		9.8	Do.
Chicago			2,787,800	210,000	7.5	January 1959.	Lansing			84,800		5.9	Do.
Joliet			60,600	4,300	7.2	Do.	Muskegon	X	X	57,600		11.8	Do.
Smaller areas:							Saginaw			69,400		6.4	Do.
Canton			14,650	950	6.5	August 1958.	Smaller areas:						
Centralia	X	X	22,500	2,700	12.0	November 1958.	Adrian	X		29,500	3,900	13.2	August 1958.
Decatur			47,600	3,600	7.5	October 1958.	Allegan			15,500	1,225	7.9	September 1958.
Harrisburg	X	X	25,475	4,650	18.3	September 1958.	Ann Arbor-Ypsilanti			67,700	7,000	10.3	Do.
Herrin-Murphysboro	X	X	70,575	11,800	16.7	August 1958.	Bay City	X	X ³	36,500	4,700	12.9	December 1958.
West Frankfort							Benton Harbor			51,800	3,200	6.2	Do.
Litchfield	X	X	24,750	2,300	9.3	Do.	Escanaba	X	X ³	14,900	2,000	13.4	Do.
Mount Carmel-Olney	X ²		20,650	2,050	9.9	December 1958.	Holland-Grand Haven			42,500	2,800	6.6	September 1958.
Mount Vernon	X	X	24,050	3,500	10.4	October 1958.	Ionia-Belding-Green- ville	X		30,900	5,700	18.4	August 1958.
Indiana:							Iron Mountain	X	X	15,600	2,400	15.4	December 1958.
Major areas:							Jackson			47,400	3,200	6.8	Do.
Evansville	X	X	84,200	7,900	9.7	January 1959.	Marquette	X		16,900	2,600	15.4	Do.
Fort Wayne			91,600	6,900	7.4	Do.	Monroe	X	X	23,100	2,100	9.1	November 1958.
South Bend	X	X	94,900	6,900	7.4	Do.	Owosso	X		18,200	2,300	12.6	September 1958.
Terre Haute	X	X	44,400	4,600	10.5	Do.	Port Huron	X	X	34,600	3,900	11.3	December 1958.
Smaller areas:							Sturgis			16,900	1,400	8.3	July 1958.
Henderson			48,280	4,280	8.9	October 1958.	Minnesota, major area:			69,800	9,400	14.1	January 1959.
Columbus			21,580	1,520	7.0	September 1958.	Duluth-Superior						
Connersville			23,600	2,090	8.9	September 1950.	Mississippi, smaller area:			23,934	1,934	8.1	August 1958.
Michigan City-LaPorte	X	X	35,000	3,900	11.1	July 1958.	Greenville						
Muncie	X	X	39,230	5,400	13.8	Do.	Missouri:						
New Castle	X		15,230	2,030	13.3	October 1958.	Major areas:						
Richmond			28,880	2,200	7.6	September 1958.	Kansas City			428,200	28,200	6.5	January 1959.
Vincennes	X	X	14,753	1,420	9.6	August 1958.	St. Louis			842,100	63,500	7.6	Do.
Iowa, smaller area: Ot- tumwa			18,110	1,230	6.8	Do.	Smaller areas:						
Kansas:							Cape Girardeau			18,550	1,300	7.0	November 1958.
Smaller area:							Flat River-De Soto- Festus			46,425	6,200	13.3	August 1958.
Coffeyville-Inde- pendence-Parsous	X ³		28,030	2,250	8.0	November 1958.	Joplin	X		36,050	2,950	8.2	November 1958.
Pittsburg	X	X	22,675	2,200	9.7	September 1958.	Montana:						
Kentucky:							Smaller areas:						
Major area:							Butte	X	X	19,200	2,400	12.5	December 1958.
Louisville			300,800	24,400	8.1	January 1959.	Great Falls			27,600	2,500	9.1	Do.
Smaller areas:							Kalispell	X ³		15,960	1,875	11.7	Do.
Corbin	X	X	27,050	3,450	12.8	September 1958.	New Jersey:						
Hazard	X	X	3,900	17.9	Do.	Major areas:							
Hopkinsville	X		28,100	2,700	9.6	October 1958.	Atlantic City	X	X	63,100	11,600	18.3	January 1959.
Madisonville	X	X	27,700	3,350	12.1	September 1958.	Newark			921,800	80,500	8.9	Do.
Middlesboro-Harlan	X	X	27,500	4,450	16.2	Do.	Paterson			506,100	45,900	9.1	Do.
Morehead-Grayson	X	X	21,700	4,300	20.2	Do.	Perth Amboy			140,000	11,100	8.0	Do.
Owensboro	X	X	27,750	2,850	10.3	October 1958.	Trenton			166,500	14,900	8.9	Do.
Paducah	X	X	43,150	5,850	13.6	November 1958.	Smaller areas:						
Paintsville-Prestons- burg	X	X	24,050	3,650	15.2	September 1958.	Bridgeton	X	X	50,700	4,100	8.1	October 1958.
Pikeville-Williamson	X	X	24,150	5,500	22.8	October 1958.	Long Branch	X	X	119,000	11,100	9.3	November 1958.
Louisiana, smaller area:			24,430	2,250	9.2	December 1958.	Morristown-Dover			91,850	6,000	6.5	Do.
Opelousas							Plainfield-Somerville			82,200	5,200	6.3	Do.
Maine:							New York:						
Major area:							Major areas:						
Portland			63,300	6,200	9.8	January 1959.	Albany-Schenectady- Troy			244,800		8.9	January 1959.
Smaller areas:							Binghamton			93,200		7.7	Do.
Biddeford-Stanford	X	X	29,200	3,600	12.3	August 1958.	Buffalo			583,100		12.3	Do.
Lewiston	X		35,200	3,200	9.1	Do.	New York			5,463,700		8.3	Do.
							Syracuse			177,300		8.1	Do.
							Utica-Rome			138,200		11.8	Do.

Footnotes at end of table.

APPENDIX—Continued

Labor force and unemployment in areas of substantial labor surplus¹—Major and smaller areas—Continued

State and area	Areas probably eligible for assistance under 2—		Estimated labor force	Unemployment		Date of information on labor force and unemployment	State and area	Areas probably eligible for assistance under 2—		Estimated labor force	Unemployment		Date of information on labor force and unemployment
	S. 722	S. 1064		Number	Percent of labor force			S. 722	S. 1064		Number	Percent of labor force	
New York—Con.							Pennsylvania—Con.						
Smaller areas:							Smaller Areas—Con.						
Amsterdam	X	X	25,050	4,500	18.0	July 1958.	Lock Haven	X	X	15,500	1,800	11.6	November 1958.
Auburn	X		23,000	4,200	15.0	September 1958.	New Castle	X		37,300	5,600	15.0	September 1958.
Batavia			23,100	1,700	7.4	Do.	Oil City-Franklin-Titusville			30,000	3,200	10.7	Do.
Corning-Hornell			39,000	4,100	10.4	December 1958.	Smaller areas—Con.						
Elmira			41,400	4,800	11.7	August 1958.	Pottsville	X	X	78,300	12,400	15.8	November 1958.
Glens Falls-Hudson Falls			37,700	3,400	9.0	November 1958.	Sayre-Atbends-Towanda			20,700	2,000	9.7	September 1958.
Gloversville	X	X ²	23,400	3,200	13.7	August 1958.	Suabury-Shamokin-Mount Carmel	X	X	64,750	6,650	10.3	Do.
Jamestown-Dunkirk			62,900	6,100	9.7	September 1958.	Uniontown-Connellsville	X	X	47,700	11,300	23.7	November 1958.
Kingston			45,350	3,250	7.2	July 1958.	Williamsport	X		42,950	5,550	12.9	July 1958.
Newburgh-Middletown-Beacon			78,400	7,630	9.7	December 1958.	Puerto Rico, major areas:						
Olean-Salamanca			31,450	2,450	7.8	August 1958.	Mayaguez			32,300	4,300	13.2	January 1959.
Oneida			17,850	2,150	12.0	October 1958.	Ponce			38,800	4,900	13.0	Do.
Watertown			35,900	3,650	8.5	September 1958.	San Juan			177,000	18,100	9.8	Do.
Wellsville			15,400	1,450	9.5	October 1958.	Rhode Island:						
North Carolina:							Major area: Providence	X	X	338,700	43,200	12.4	Do.
Major areas:							Smaller area: Newport			16,140	1,000	6.2	September 1958.
Asheville	X	X ³	51,000	4,300	8.3	January 1959.	Tennessee:						
Durham			48,145	3,500	7.4	Do.	Major areas:						
Smaller areas:							Chattanooga			117,750	8,450	7.3	January 1959.
Fayetteville	X	X	34,500	3,620	10.5	September 1958.	Knoxville	X		143,550	11,500	8.1	Do.
Kinston			22,165	1,005	4.5	October 1958.	Memphis			242,500	15,700	6.7	Do.
Mount Airy	X		22,650	1,910	8.4	December 1958.	Smaller areas:						
Rockingham-Hamlet	X		15,430	2,850	18.5	October 1958.	Bristol-Johnson City-Kingsport			97,367	6,547	6.7	September 1958.
Rocky Mount			43,285	1,540	3.6	Do.	La Follette-Jellico-Tazewell	X	X	16,350	2,250	13.8	October 1958.
Rutherfordton-Forest City			16,615	1,315	7.9	November 1958.	Texas:						
Shelby-Kings Mountain	X	X	25,250	2,500	9.9	August 1958.	Major areas:						
Waynesville			16,750	900	5.4	October 1958.	Beaumont-Port Arthur			97,336	11,050	10.8	January 1959.
Ohio:							Corpus Christi			74,773	5,840	7.6	Do.
Major areas:							Smaller areas:						
Canton			132,000	7,800	6.0	January 1959.	Laredo			22,192	1,940	8.7	September 1958.
Lorain-Elyria	X		62,700	7,100	11.3	Do.	Texarkana	X	X	39,709	2,875	7.2	November 1958.
Toledo			195,900	15,200	7.8	Do.	Vermont, smaller areas:						
Youngstown			229,300	20,000	8.7	Do.	Burlington			26,100	1,400	5.4	December 1958.
Smaller areas:							Springfield			13,750	850	6.2	November 1958.
Ashtabula-Conneaut			30,400	2,300	7.6	November 1958.	Virginia:						
Athens-Logan-Nelsonville			20,900	2,000	9.6	September 1958.	Major area: Roanoke			66,775	6,800	10.2	January 1959.
Batavia-Georgetown-West Union			25,600	2,500	9.8	August 1958.	Smaller area:						
Cambridge			17,200	1,500	8.7	Do.	Big Stone Gap-Appalachia	X	X	19,675	2,300	11.7	October 1958.
Defiance			29,000	2,400	8.3	July 1958.	Radford-Pulaski	X	X	44,550	4,350	9.8	July 1958.
East Liverpool-Salem			32,500	2,400	7.4	September 1958.	Ridglands-Bluefield			33,800	2,300	6.8	November 1958.
Findlay-Tiffin-Fostoria			42,750	2,600	6.1	November 1958.	Washington:						
Kent-Ravenna			21,300	1,600	7.5	October 1958.	Major area:						
Kenton			16,200	1,000	6.2	Do.	Spokane			99,000	10,700	10.9	January 1959.
Marionetta			16,600	1,400	8.4	September 1958.	Tacoma			96,200	8,500	9.0	Do.
New Philadelphia-Dover			38,300	2,900	7.5	December 1958.	Smaller area:						
Portsmouth-Ciblicoth	X		61,700	5,100	8.3	November 1958.	Aberdeen	X		26,830	2,600	9.7	August 1958.
Springfield	X ²		44,900	5,300	11.4	August 1958.	Anacortes	X	X	22,050	2,480	11.2	Do.
Zanesville			33,500	2,300	6.9	November 1958.	Bellingham	X		28,350	2,180	7.7	Do.
Oklahoma:							Bremerton			28,280	1,990	7.0	September 1958.
Smaller areas:							Everett	X		42,260	3,670	8.7	August 1958.
Ardmore			15,175	1,075	7.1	August 1958.	Olympia	X		39,880	3,640	9.1	Do.
McAlester	X	X	13,310	1,450	10.9	July 1958.	Port Angeles	X	X	14,550	1,430	9.8	Do.
Oklmulgee-Henryetta			16,725	1,700	10.0	September 1958.	West Virginia:						
Oregon:							Major areas:						
Major areas: Portland			327,400	27,900	8.6	January 1959.	Charleston	X	X	112,500	13,200	11.5	January 1959.
Smaller areas:							Huntington-Ashland	X		91,600	13,350	14.5	Do.
Albany			24,235	975	4.0	August 1958.	Wheeling-Steubenville			142,750	18,450	12.9	Do.
Coos Bay	X ³		19,675	1,215	6.2	Do.	Smaller areas:						
Eugene			56,050	2,710	4.8	Do.	Beckley	X	X	24,360	6,000	25.6	August 1958.
Pendleton			16,045	1,315	8.2	November 1958.	Bluefield	X		23,110	4,220	18.3	December 1958.
Roseburg			24,000	1,075	4.5	August 1958.	Clarksburg	X		27,300	4,050	14.8	October 1958.
Pennsylvania:							Fairmont	X	X	25,200	3,950	15.7	Do.
Major areas:							Logan	X	X	22,150	5,040	22.8	August 1958.
Allentown-Bethlehem-Easton			214,200	21,800	10.1	January 1959.	Martinsburg			19,750	1,250	6.3	October 1958.
Altoona	X	X	53,700	7,700	14.4	Do.	Morgantown	X		19,800	3,550	17.9	Do.
Erie	X ³	X ³	99,100	16,900	16.9	Do.	Parkersburg			39,780	3,330	8.4	December 1958.
Johnstown	X	X	99,400	16,500	16.8	Do.	Point Pleasant-Gallipolis	X	X	36,620	4,800	13.1	August 1958.
Philadelphia			1,823,800	150,600	8.4	Do.	Ronceverte-White Sulphur Springs	X	X	16,600	2,020	12.2	Do.
Pittsburgh			982,900	117,000	12.0	Do.	Welch	X	X	22,600	5,020	22.2	December 1958.
Reading			119,600	9,400	7.8	Do.	Wisconsin:						
Seranton	X	X	102,700	17,400	16.9	Do.	Major area: Racine			53,150	3,185	6.0	January 1959.
Wilkes-Barre-Hazleton	X	X	136,600	25,000	18.0	Do.	Smaller areas:						
York			103,500	9,000	8.7	Do.	Beloit			18,780	2,135	11.4	July 1958.
Smaller areas:							Eau Claire-Chippewa			38,585	2,640	6.8	December 1958.
Berwick-Bloomsburg	X	X	21,650	2,700	12.5	November 1958.	La Crosse			30,600	2,845	9.3	July 1958.
Butler			34,950	4,600	13.2	September 1958.	Oshkosh			23,755	1,905	8.0	Do.
Clearfield-Du Bois	X	X	36,900	5,000	13.6	Do.	Watertown			18,300	1,145	6.3	January 1959.
Lewistown	X		22,000	2,500	11.4	November 1958.							

¹ Areas classified as areas of "Substantial labor surplus" in January 1959.² This listing is preliminary and tentative, and is based largely on bimonthly or semiannual data compiled from area labor market reports prepared in connection with the Bureau of Employment Security's program for the classification of areas according to relative adequacy of labor supply. Data used cover a 2- to 5-year period extending through the closing months of 1958; early 1959 data, now becoming available for some areas could result in several changes in the above listing. A more comprehensive review of area data on a monthly—rather than bimonthly or semiannual—basis, and in the light of whatever criteria may be included in the bill finally enacted, would be required to determine which areas are eligible for assistance as areas with substantial and persistent unemployment.³ Borderline.

NOTE.—Major areas are areas included in the Bureau of Employment Security's regular area labor market reporting and classification program. This program covers 149 of the country's leading employment centers. Unemployment and labor force data for these areas are generally available on bimonthly basis.

Smaller areas: Areas with a labor force of 15,000 or more which are officially classified as "areas of substantial labor surplus" by the Bureau of Employment Security. Data for such areas are generally available on a semiannual basis. Information for smaller areas which are not classified, or for areas with a labor force of less than 15,000 is not available in Washington on a consistent basis.

Source: U.S. Department of Labor, Bureau of Employment Security, Office of Program Review and Analysis, Washington, D.C., Mar. 10, 1959.

EXHIBIT 2

[From the Washington Daily News, Mar. 20, 1959]

DISTRESS COMPOUNDED

Now before the Senate, following a squeaky OK by the Senate Banking Committee, is another one of those hurry-up, patch-up, prop-up bills supposed to cure the economy of some of its ills.

This measure melodiously is known as the Area Redevelopment Act. It is a bill to bail out a hundred or so communities listed as victims of chronic unemployment.

The question is not whether these communities are hard hit. No one denies that. The question is whether the bill, if enacted, would be any help.

Six members of the committee (three Democrats and three Republicans) shoot it full of holes in an unusually lucid minority report. They say the bill is unlikely to do any of the things it promises, and besides would be harmful to the country generally and the areas it is supposed to assist.

It flies straight in the face of a free-swinging flexible economy. Its ponderous machinery would raise unfounded hope. And its ultimate cost—like most such Washington proposals—would range far beyond its most optimistic prospect of usefulness.

It is discriminatory, the minority points out, because at the most it would affect only a small fraction of the unemployed, while probably creating more unemployment in other areas. The initial outlay of less than \$400 million eventually would run to \$4 billion or \$5 billion.

It would create another sprawling Government agency, added to others already in this field.

The bill is founded on the identical illusions which led to 25 years of subsidies for a few special farm products. It will lead to exactly the same result—disrupted markets, billions of taxpayer money wasted and an economy blighted by Government interference.

EXHIBIT 3

MEMORANDUM OF DISAPPROVAL

I am withholding my approval from S. 3683, the area redevelopment bill.

Every year for the past 3 years I have strongly urged the adoption of a program of Federal assistance to communities of substantial and persistent unemployment for the purpose of assisting those communities to develop a sounder and more secure economic base. I regret that no action along these lines has been taken by the Congress until this year and, needless to add, I am greatly disappointed that I find myself unable to approve the present bill.

My disapproval need cause no unnecessary delay in initiating a sound area assistance program. Even the unsound program contemplated by S. 3683 could not be of immediate help to any community because the Congress, before adjournment, failed to provide any money to carry out the bill's purposes. Until the next session of the Congress, the needs of areas of severe and persistent unemployment can be met in part through the new program of loans to State and local development companies under the Small Business Investment Act of 1958 which I recently approved.

The repeated recommendations of the administration recognized that the major responsibility for planning and financing the economic redevelopment of communities of chronic unemployment must remain with local citizens if Federal programs are to be effective. The present bill departs from this principle, and would greatly diminish local responsibility. In doing so, and in including other undesirable features, it defeats

any reasonable chance of giving effective help to the communities really in need.

S. 3683 provides for less local participation in the costs of local development projects than is proper or necessary to stimulate and assure the continuing interest and support of local governmental and private interests. The administration recommended loans, for periods of 25 years, in amounts not exceeding 35 percent of the cost of redevelopment projects. S. 3683, on the other hand, provides for loans for such projects for periods of 40 years, at artificially low interest rates, in amounts up to 65 percent of the total cost of a project.

S. 3683 proposes in addition a program of Federal grants for public works in redevelopment areas under which it would be possible to have no local participation whatever. Moreover, the criteria for making these grants are so loosely drawn that, without indiscriminate use of funds, administration of these provisions would be almost impossible. This is a field in which, if the Federal Government participates at all, it should be able to rely upon local judgments backed by significant local contributions.

S. 3683 is also defective in my judgment because its assistance in certain instances, would be available in areas in which unemployment is traceable essentially to temporary conditions. Federal assistance to communities where unemployment is not clearly chronic would necessarily mean the assumption of responsibility by the Government for the direct support of local economies—an assumption of responsibility that would have the most profound consequences.

I also believe it would be a grave mistake to establish, as this bill would, an area assistance program in the Housing and Home Finance Agency. Such a program should be lodged, not with an agency concerned with residential housing and related matters, but rather with the Department of Commerce which has primary responsibility for business and industrial development and a long experience in extending to local areas technical aid for economic development.

S. 3683 also contemplates a Federal redevelopment assistance, including loans, in rural areas. There is serious question as to whether Federal loans for the construction of industrial buildings in rural areas would be a proper or effective approach, much less a permanent one, to the problems of surplus labor in essentially agricultural communities.

It is my intention next January when the Congress reconvenes to request the Congress to enact area assistance legislation more soundly conceived to carry out the purposes which I have repeatedly stressed as being in the national interest. It is my hope that Congress at that time will move with all possible speed to enact such an area assistance program.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, September 6, 1958.

Mr. DOUGLAS. Mr. President, will the Senator from Indiana yield back the remainder of his time?

Mr. CAPEHART. I yield back the remainder of my time and ask that the roll be called.

The PRESIDING OFFICER. All time for debate has been yielded back. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Pennsylvania [Mr. SCOTT]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Arkansas [Mr. FUL-

BRIGHT] and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from Washington [Mr. MAGNUSON] is absent because of illness.

I further announce that, if present and voting, the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Washington [Mr. MAGNUSON] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. GOLDWATER] is detained on official business. If present and voting, he would vote "nay."

The result was announced—yeas 24, nays 70, as follows:

YEAS—24

Aiken	Curtis	Mundt
Allott	Hruska	Prouty
Bridges	Javits	Saltonstall
Bush	Keating	Scott
Capehart	Kuchel	Scott
Case, N.J.	Lausche	Thurmond
Case, S. Dak.	Martin	Wiley
Cotton	Moss	Young, N. Dak.

NAYS—70

Anderson	Gore	Mansfield
Bartlett	Green	Monroney
Beall	Gruening	Morse
Bennett	Hart	Morton
Bible	Hartke	Murray
Butler	Hayden	Muskie
Byrd, Va.	Hennings	Neuberger
Byrd, W. Va.	Hickenlooper	O'Mahoney
Cannon	Hill	Pastore
Carlson	Holland	Proxmire
Carroll	Humphrey	Randolph
Chavez	Jackson	Robertson
Church	Johnson, Tex.	Smathers
Clark	Johnston, S.C.	Smith
Cooper	Jordan	Sparkman
Dirksen	Kefauver	Stennis
Dodd	Kennedy	Symington
Douglas	Kerr	Talmadge
Dworshak	Langer	Williams, N.J.
Eastland	Long	Williams, Del.
Ellender	McCarthy	Yarborough
Engle	McClellan	Young, Ohio
Ervin	McGee	
Frear	McNamara	

NOT VOTING—4

Fulbright	Magnuson	Russell
Goldwater		

So Mr. SCOTT's amendment in the nature of a substitute was rejected.

Mr. DOUGLAS. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. MANSFIELD. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. BUSH. Mr. President, I call up my amendment identified as "3-19-59-C," and also the amendment, submitted by the Senator from New York [Mr. JAVITS], which is identified as "3-19-59-B."

Mr. President, my amendment is offered on behalf of myself, the Senator from Utah [Mr. BENNETT], and the junior Senator from New York [Mr. KEATING]; and the amendment of the Senator from New York [Mr. JAVITS] is offered on behalf of himself and myself.

We wish to combine the two amendments and to have them considered as only one amendment.

The amendment submitted by Mr. BUSH, on behalf of himself, Mr. BENNETT and Mr. KEATING, is as follows:

On page 2, line 19, strike out all after the word "created" through line 22, and substitute the following: "rather than merely transferred from one community to another."

On page 9, line 22, insert a period after the word "another" and strike out the remaining language in line 22 through line 24.

On page 28, line 12, insert a period after the word "another" and strike out the remaining language in line 12 through line 14.

The amendment submitted by Mr. JAVITS, on behalf of himself and Mr. BUSH, is as follows:

On page 9, line 15, after the parenthesis "(" and before the word "including", insert the word "not".

On page 12, line 12, after the parenthesis "(" and before the word "including", insert the word "not".

Mr. BUSH. Mr. President, I ask unanimous consent that we may have the privilege of combining these two amendments; that they may be considered together; and that the time available on the two amendments be limited to 40 minutes to a side, rather than to 1 hour to each side, as we would be entitled to have under the agreement which is in effect.

The PRESIDING OFFICER. Is there objection?

Mr. CAPEHART. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. CAPEHART. Will the Senator from Connecticut ask for one vote or two votes?

Mr. BUSH. We shall ask for one vote on the two amendments. We shall also ask that the yeas and nays be had on this question.

Mr. JOHNSON of Texas. Mr. President, first, may we have an agreement to limit debate on this question to 30 minutes to each side? If that is done, it will permit us to conclude by 5 minutes to 6.

Mr. BUSH. I shall do so if the Senator from Texas will allow me as much as 5 minutes tolerance.

Mr. JOHNSON of Texas. Certainly.

Mr. President, I ask unanimous consent that the debate on this question be limited to 30 minutes to a side. If such consent is given, I shall yield additional time on the bill to the Senator from Connecticut, if necessary.

Mr. CAPEHART. As a substitute, I propose a limitation of 40 minutes to a side.

Mr. BUSH. Mr. President, I appreciate the courtesy of the Senator from Indiana in that connection. But the majority leader is very anxious to keep an engagement to meet with the Prime Minister of England, and so forth and so on; and I am trying to accommodate myself to the exigence of the moment.

Mr. JOHNSON of Texas. Mr. President, let me say to the Senator that the opponents do not plan to use their 30 minutes.

Mr. BUSH. I understand.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that not to exceed 30 minutes be allowed to each side on this question, with the time for the proponents to be controlled by the

Senator from Connecticut [Mr. BUSH] and the time for the opponents to be controlled by the Senator from Illinois [Mr. DOUGLAS].

Mr. BUSH. Mr. President, I shall accept that proposal, with the understanding that our side may have as much as 5 minutes additional.

Mr. JOHNSON of Texas. I understand; and I have said that we would, if necessary, yield that much additional time from the time available on the bill.

The PRESIDING OFFICER. Is there objection to the request, as modified? Without objection, it is so ordered.

Mr. BUSH. Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. BUSH. Mr. President, it is with genuine regret that I oppose Senate bill 722, because I share with the sponsors of the bill a desire to contribute to a solution of a serious and tragic economic problem—namely, the persistence of chronic unemployment in various areas of the Nation during a time of general prosperity.

We must never forget that in discussing unemployment, we are talking about people, and about people who find themselves in a distressing situation.

A. H. Raskin, in an article published in the New York Times of Monday, March 16, has effectively made this point in the following paragraphs:

Unemployment is people—the individual hardship and heartache of 4,749,000 Americans, willing and able to work but unable to find suitable jobs.

Unemployment is the husky, fresh-faced college graduate, with 3 years of Air Force duty behind him, being told he is too old for a job with a future—at age 26.

Unemployment is the breezy, blustery executive, accustomed to an income of \$50,000 a year, trying to pay his bills on a State job insurance check of \$40 a week—an amount he once spent on taxis and cigars.

Unemployment is the head shipping clerk, stranded when his textile plant moved from New York to North Carolina, subsisting on odd jobs of heavy cleaning and reading an inspirational pamphlet. Its title, "Get Rich in Spite of Yourself."

Unemployment is the rhinestone setter, with all her State and Federal benefits drawn, watching a giveaway show on television and murmuring, "It makes me feel bad to see people getting all these nice things."

Unemployment is the electrical worker, fearful that automation has permanently wiped out his chances for reemployment, wondering whether he can volunteer for a space flight to the moon.

I commend Mr. Raskin's article to the attention of my colleagues; and I ask unanimous consent, Mr. President, that the article may be printed in the Record following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BUSH. Mr. President, I believe that those of us who are opposing this bill are as sensitive to the human tragedies involved in unemployment as are those who support it.

Why, then, do we oppose it?

The reasons advanced by five other members of the Senate Committee on

Banking and Currency and myself are contained in the minority views which appear on pages 39 through 52 of the committee's report on the bill.

I shall not detain the Senate by reading the minority views in their entirety, but I do wish to bring to the attention of Senators the following paragraph:

The sponsors of this bill have proposed a complex program which is basically discriminatory and unworkable. The tragedy in this bill is not only the fact that the Federal Government would be involved in wasteful and discriminatory expenditures, but more significantly, by initially labeling certain areas as depressed areas, the Government would raise false hopes for economic redevelopment in a program that is impossible to administer equitably.

There is the basic objection to the bill. Not only will it not work, but it will arouse false hopes in the unemployed, in the communities throughout the Nation, who have been led to believe that this bill will solve their problems.

Mr. President, I had intended to ask unanimous consent that the minority views on Senate bill 722 be printed in the Record following these remarks, but I understand the Senator from Virginia has already made such a request. Therefore, I shall not ask that they be printed again.

Mr. President, I now desire to invite the attention of the Senate to the "runaway shop" or "industry pirating" problem which the sponsors of the bill recognize, but have failed to solve.

On page 22 of the report of the committee majority appears the following statement, which I heartily endorse:

If the proposed transfer of a plant from one area to another will create as much unemployment in the area it leaves as it absorbs in the area it moves to, nothing has been gained from the point of view of the overall economy of the United States. The use of Federal funds for a transfer of this sort would not be justified.

However, nothing in the bill would prevent the use of Federal funds to assist in shifting industries and jobs from one area to another.

So-called antipirating language has been incorporated in S. 722, but the difficulties it raises have been described in the following paragraphs contained in the minority views, at pages 42 and 43:

The complete unworkability of the proposed legislation is clearly illustrated by the attempt of its proponents to meet the so-called runaway shop or industry-pirating problem.

The bill includes a so-called antipirating provision stating that Federal loans shall not be made to assist "establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment."

While we differ as to the effectiveness of the proposed language, we agree that the proponents of the bill have placed an impossible burden upon the Administrator, who would face this dilemma:

If areas are to be redeveloped to the maximum extent possible, the inducements offered by the Federal Government in cooperation with other public and private agencies, are bound to encourage the transfer of jobs and facilities from one area to another. The very essence of growth and development involves movement of resources. A manufac-

turing firm with a branch plant built under a depressed-areas program will want to remain free to allocate production among its various plants in future years. Communities in almost every State and congressional district are interested in attracting new industry and jobs. Clearly, under an unrestricted area redevelopment program, communities are certain to feel the impact of any redistribution of resources and jobs induced by the availability of Federal money to areas which are currently depressed. Thus, the danger arises that new depressed areas may be created in an attempt to eliminate those now existing.

On the other hand, if the proposed legislation places severe restrictions on the entry of firms into depressed areas in an effort to guard against the so-called industry-pirating problem, the program of redevelopment may well be seriously handicapped.

In short, the administrator's problem, under the bill, is one of either building up some areas at the expense of others or attempting to comply with a legislative standard which is unenforceable. There are no criteria for determining the amount of unemployment that might be regarded as inflicting substantial detriment upon a community. Would the relocation of an industry providing 100 jobs from Detroit to another State result in sufficient additional detriment to a community with 217,000 already unemployed to be reckoned as substantial? How and when would the Administrator ascertain that redevelopment in one area violates the apparent intent of the Senate to avoid pressures in other areas?

I am convinced, as is the distinguished senior Senator from Utah [Mr. BENNETT], that the language now in the bill is completely ineffective. For that reason we have filed individual views, appearing at page 53, which I shall read for the information of the Senate:

We endorse the views expressed by our colleagues in the minority, but desire to state more fully our opinions with respect to the runaway shop or antipirating problem.

As described in the minority views, the authors of S. 722 recognize that the problem exists, but fail to meet it squarely.

On the contrary, they have used vague and slippery language in the bill which is intended to give comfort both to those who would enthusiastically welcome Federal funds for relocating industry from one area to another, and to those who oppose the use of Federal funds for that purpose.

To our minds, the use of Federal funds to help some areas attract industries and jobs from other areas is unconscionable and must be prohibited without any qualifications.

If such a prohibition is not written into S. 722, the people of industrial States may be forced to underwrite with their Federal tax dollars the export of jobs to competing areas.

The bill must be confined to the purpose stated in President Eisenhower's economic report to the 86th Congress, namely, "to create new job opportunities instead of merely transferring jobs from one locality to another."

The same thought is expressed in the policy declaration of the administration bill, S. 1064, as follows: "new employment opportunities should be created rather than merely transferred from one community to another."

Regrettably, the draftsmen of S. 1064 failed, in another section of the bill, to carry out the President's thought. Instead, they fell into the same "substantial detriment" trap contained in the Douglas bill.

To bring this issue squarely before the Senate, we propose amendments to S. 722, as follows:

On page 2, line 19, strike out all after the word, "created" through line 22 and substitute the following: "rather than merely transferred from one community to another."

On page 9, line 22, insert a period after the word "another" and strike out "when such assistance will result in substantial detriment to the area of original location by increasing unemployment."

These amendments will draw a clean-cut issue between Senators who wish Federal funds used to assist the relocation of industries and jobs from one area to another, and those who believe, as we do, that such intervention of the Federal Government in competition for industries and jobs among States and communities violates basic principles of the Federal system and is highly improper, unfair and indeed unconscionable.

I hope the Senate will adopt the amendment which is now before it. Without the amendment, I believe the bill is a snare, a sham, and an illusion, and I believe it will work many disadvantages on many parts of the country, including Connecticut.

EXHIBIT 1

[From the New York Times, Mar. 16, 1959]

SURVEY OF THE UNEMPLOYED: PEOPLE BEHIND THE STATISTICS IN FIVE MAJOR JOB AREAS—VICTIMS PUZZLED BY THEIR PLIGHT—FAMILY DEBTS RISE DESPITE INCREASES IN PRODUCTION AT MECHANIZED PLANTS

Puzzlement is more apparent than anger in the attitude of men and women who have tramped the streets, month after weary month, with nothing to show for their efforts but holes in their shoes and a growing pile of debts.

In Detroit, capital of the automobile industry, one worker in seven is jobless and cutbacks in the output of some 1959 models threaten to add thousands to the idle lists in the next few weeks. Pittsburgh, crossroads of steel and coal production, is worried that large-scale unemployment will become a chronic drag on its economic well-being.

In the mine regions of West Virginia the specter of permanent pools of idle workers is even more tragically present. Mechanization has cut the need for manpower so drastically that 68,000 men now dig more coal than 125,000 did 10 years ago. The displaced, returning from futile job-seeking expeditions to Cleveland, Columbus, or Detroit, are less disposed to be philosophical about their plight than most of the country's uncomplaining unemployed.

Surplus food—mollygrub is what they call it in the Kanawha Valley coalfields—has become a mainstay in the diets of tens of thousands of families, not only in West Virginia but also in every other State. In December, 5,230,000 persons benefited from the Federal dole of butter, flour, cornmeal, and other surplus commodities. The food lines were almost twice as long as they had been a year earlier.

Yet, by the standards of mass misery that prevailed in the great depression of the thirties, privation is a minor problem. What bears most raspingly in today's jobless is the sense of uselessness that comes with being unwanted and unneeded in the world's richest and most productive Nation.

The corrosive effect has been acute among youngsters—high school and college graduates, ex-GI's, and others in the 20 to 35 age group—locked in their first real bout with hard times and deprived of the community of suffering that helped preserve the fabric of self-respect in the depression years when everyone was in trouble.

YOUNG MAN'S RECESSION

In many ways this was a young man's recession, especially in factory industries operating under rigid seniority systems. The most recently hired were the first to

feel the layoff ax. Now science, moving with the same breathtaking speed in the improvement of industrial technology as it is in the conquest of the atom and of outer space, it making the day of recall to work more remote.

The harnessing of electronic brains to mechanical muscles has made it possible to produce more goods with fewer workers. Men with 10 to 12 and even 15 years of seniority remain on the surplus list while their companies climb past the production peaks they set in the preautomation days.

To make the outlook gloomier, other employers hesitate to hire them for fear that their desire to safeguard their pension equities and priority status in their old jobs will cause them to quit when and if the recall whistle sounds.

For men and women of more advanced age among the unemployed, the calendar is an enemy. The piling up in New York and other States of statutory prohibitions against discrimination based on age has brought no abatement in the conviction of those past 35—and even a good many under that age—that their biggest handicap is the years in which they acquired their maturity and skill.

There is little tendency to clutch for the comforts of the welfare state. Confronted with the necessity for going on relief, most workers will grab a job at half or less than the standard they used to enjoy. And there are plenty of employers ready to capitalize on this preference for staying independent of a government handout.

RELIEF LOAD UP 3 PERCENT

In small machine shops, dry goods warehouses and other small businesses, the calls are for work at only a few cents above the legal minimum of \$1 an hour. Only in the large standardized industries and those under stringent union policing is there no move to pull down pay scales or trim fringe benefits. There the movement is still up—in both prices and wages.

In this city, where 50,000 workers have drawn all the Federal and State unemployment insurance they could get in the last 14 months, fewer than 100 a month have turned to the department of welfare for relief after their insurance ran out. The total public assistance caseload here has gone up less than three percent in the last year, and not all of this slight rise is attributable to unemployment.

In contrast to the economic trough of the thirties, when one-fifth of the city's population was on home or work relief, the ratio now is 1 in 23. And many of the family heads now on the rolls are unemployable even by the relaxed tests that would apply in the rosiest flush of full employment.

In Detroit and other centers of "productivity unemployment," the relief rolls have risen more rapidly. But everywhere the idle, without insurance or other sources of support, echo the remark of the Detroit mother of five, who told a reporter:

"Accepting money from welfare, I feel we're down to the last notch. I don't want the children to grow up with the idea of welfare aid. My parents back in Arkansas raised me never to lean on welfare."

Here are some reports on what unemployment has meant to workers and their families:

NEW YORK-NEW JERSEY

The New York-New Jersey metropolitan area, with its incredible diversity of finance, commerce, entertainment, publishing and manufacturing, is enjoying the seasonal upswing that always accompanies the pre-Easter rush in its largest single field of employment, the needle trades.

But the face of joblessness in the metropolis has so many visages that improvement even in a multi-billion-dollar area leaves hundreds of thousands untouched. The last

official estimate in mid-January showed 375,000 workers, or 1 in 12, looking for jobs in the 5 boroughs.

A reporter who toured unemployment insurance offices, welfare agencies, union hiring halls and armories where the idle queued up for Federal food came away with the impressions as diverse as the people he talked to. Visits to the jobless in their own homes merely reinforced his feeling that no shortcut cure, by Government or industry, would eradicate the economic sores behind the gleaming new skyscrapers, the flourishing theaters and restaurants and the other badges of New York's opulence.

Waiting in the "T" line

Walk into the job insurance office at 259 West 54th Street and chat with some of the men and women on the "T" line. This is the State labor department's shorthand for temporary unemployed compensation, the emergency program the Federal Government finances for the long-term jobless.

Here is James Matthews a tall, handsome man of 36, with a shy smile, who won a Rhodes scholarship and studied at Oxford and the Sorbonne after graduating from Columbia. He had 4 years of wartime duty on Navy combat ships and was receiving officer's training when V-J Day came.

He entered the State Department's career Foreign Service and held posts in Europe and the Far East until he resigned in 1953 to become an international marketing specialist for a Standard Oil affiliate overseas. An expert in six languages, he was on his way to a European assignment for International Goodrich last summer when a dip in rubber sales wiped out his \$200-a-week job.

His pavement-pounding has convinced him that employers want men in their mid-twenties, not midthirties. What depresses him even more is that so many of those he sees going abroad are men whose interest in their foreign trade missions seems to him largely confined to the prospect of hanging around the American bar.

In the meantime Mr. Matthews has a somewhat less global concern. He has just made the transfer from the State insurance lists, where he drew his full quota of 26 \$45 checks, to the Federal list. This week red tape connected with the shift will limit his benefit to \$11. That means he will have to send a distress signal to his parents in Texas for a fresh loan.

"If Congress doesn't extend the Federal program beyond its present March 31 closing date, I will really be in the soup," he says. His savings are all gone, but his job insurance and help from his family have enabled him to keep quarters at the Columbia Club, 4 West 43d Street.

A few places down the line is Mrs. Sydonia Goodstein, of 340 West 57th Street, an imperious woman in black caracul. She has the air of a grand dame, as befits a couturiere whose shop used to make costly dresses for Saks Fifth Avenue, Bergdorf Goodman, Neiman-Marcus and other fine stores.

The business she started in 1921 never recovered from a fire that gutted the building 2 years ago. Now, her lease gone and her job insurance expiring this week, she is looking for work. This is her report on her first telephone call in response to a help wanted advertisement:

"The employer said I sounded young and asked how old I was. I am a rabbi's daughter and do not lie, so I said 65. He told me, 'Lady, why don't you go sit in the park?' It reminded me of a book I once read about an uncivilized island where they burned everybody at 50. I thought it was savage, but it doesn't seem so savage now."

The next man asks that his name be kept secret, but it could be Willy Loman, the hapless hero of Arthur Miller's "Death of a Salesman," whose goal in life is to be well liked.

He is a jolly, talkative man of 55, whose sales talent made him head of a ladies' belt business with 80 employees, an annual volume of more than \$1 million and profits in the \$50,000 to \$60,000 range.

A bankrupt company he bought for tax-loss purposes and then tried to run, plus the advent of the beltless chemise, proved his downfall. The home he owned in Harrison is gone and the lease on his \$230-a-month apartment in Riverdale runs out in June. He has been borrowing on the \$100,000 in personal insurance he used to carry, but the end of that is in sight.

Future looks bleak

"I keep telling my wife it's fortunate that I was born with a strong heart and a weak mind," he says with a melancholy attempt at a salesman's laugh. "But I'm really at the end of my rope. I've been selling all my life; I have a wonderful reputation in the field. It doesn't seem possible I can't get connected. But after 14 months of tramping around the future looks very, very bleak."

Drop in on Michael Azzata, a well set-up youth of 26, with glossy black hair and dark, earnest eyes, in his parents' neat apartment in a neat row of identical tan-brick houses at 30-27 41st Street, Long Island City, Queens.

He enlisted in the Air Force after he got out of high school at the height of the Korean war. When he went to Columbia under the GI bill of rights, he took seriously the advice of industrialists and educators that it was wise for young men to get a well-rounded general training in liberal arts, instead of concentrating on specialized technical courses.

Now, with a bachelor of arts degree, he finds himself being told by job interviewers that he lacks the specific instruction or experience they require and that he is too old to get into an executive training program.

It does not help, psychologically, that his own inability to get a job with a future, even at \$50 a week, forces his 74-year-old father to keep working at Pennsylvania Station as a bootblack. He will probably settle for a night job as a restaurant supervisor and go back to Columbia to take a master's degree in business administration.

PENNSYLVANIA PUZZLE

(By Stanley Levey)

PITTSBURGH, March 13.—Up and down the river valleys of western Pennsylvania smoke is shooting once again from steel mill stacks. After 2 years of recession and unemployment, it is a signal read in various ways by various persons.

"Look at that smoke," says the owner of a shoe store in Homestead. "Isn't it beautiful?"

"Went back to the mill last week," says a laborer in Ambridge. "First day's work in 14 months. I never thought I'd be so glad to see the lousy place. But after looking at all that television, I really was."

"The recession is over," says a steel company official.

"I don't know," says a forge man in New Castle. "I hear the recession's over and I know a lotta guys have gone back, so I guess maybe it is. But not me, they don't call me back, and sometimes, mister, I don't think they ever will."

ELEVEN PERCENT IDLE IN JANUARY

Halfway across the State in Harrisburg, the capital, in the new sleek building of the department of labor and industry, analysts have compiled statistics and drawn graphs and curves. This is the story they tell:

At the end of January 508,000 Pennsylvanians (or about 11 percent of the work force) were idle. The figure for the country

was 6 percent. At the bottom of the recession last June, 520,000 persons were jobless in the State. This was 10.9 percent of the work force. The comparable national figure then was slightly more than 7.5 percent.

What worries the analysts (and workers, union leaders, merchants, and businessmen) is that increased production has not been accompanied by a corresponding increase in employment. Does this tendency mean, they wonder, that new pools of chronic unemployment are in the making—in the steel areas, for example?

"Is Pittsburgh in danger of becoming another Scranton?" asked an economist in the Bureau of Employment Security.

Thirty years ago Pennsylvania's heavily populated hard coal regions about Scranton and Wilkes-Barre employed 150,000 miners. By 1937 the total was 32,000. Today it is probably even lower. Scranton has tried desperately and effectively to attract new industry, but the area's economic base has been almost completely destroyed. Ten thousand new jobs have been provided but the rate of unemployment is about the same.

"Scranton has been running like hell to stand still," said the economist.

The basic cause of high production with fewer workers is automation—the use of machinery to run machines. During the recession many mills have introduced new equipment, discontinued using inefficient plants and eliminated jobs.

Bruce Alexander, district staff member of the United Steelworkers of America in McKeesport, predicted that many workers would never regain their jobs.

"This fellow comes in to see me," Mr. Alexander recalled last week. "He's got his kids with him—three of the cutest kids you ever saw. And he says, 'I'm down to nothing. I got no family to help me. I'm on public assistance and I don't think I'm ever going to get my job back. What's going to become of me?'"

Mr. Alexander lifted his palms in a gesture of helplessness. "What could I tell him?" he asked. "I didn't have any answers. It's rough. Oh, we don't let him hurt. We help him, we get him food and like that. But we can't mislead him and tell him we can get his job back for him."

Actually while the recession has resulted in distress, it has not produced disaster. A reporter looking for signs of political protest or starvation in Pennsylvania would come away with an empty notebook. Tom Leslie, a 42-year-old hammer operator from Beaver Falls with 20 years in the industry, illustrates the reasons why this is so.

In the good days he made as much as \$200 a week and averaged \$6,000 a year. He saved some money, but not much. He bought a home and has \$4,000 still to pay on it. He installed storm windows last year but owes a substantial balance. He still drinks a bottle of beer when he feels like it but not so often as formerly. His wife and three children eat regularly.

WIFE'S WORK IS KEY

"How do you manage it?" he is asked. "My wife works as a bookkeeper," he says a little sheepishly.

This answer is heard in various forms throughout the steel area:

"My wife does day work."

"My wife got a job as a nurse's aid."

"My son brings home a little money."

"My wife and I moved in with my mother."

"My folks help us out."

Tom Leslie has got by for several other reasons. He has worked occasionally with a friend who owns a truck. He has picked up odd carpentry and repair jobs. He has drawn \$35 a week in State unemployment compensation. Under the State-Federal program he is entitled to 45 weeks of payments.

Finally under the supplementary unemployment benefits program negotiated 3 years ago with the steel industry by the union, he has been receiving benefits that started at about \$20 a week. They will run for a year. He has only one major complaint.

"Too damned much housework," he said.

Tom Leslie is joined by others who think the benefits may have saved the day. These include merchants in steel towns who were lukewarm about the welfare program when it was broached back in 1956.

A member of the Beaver County Public Assistance Commission reported that in 2 years only 10 steel workers had applied for relief.

"Without supplementary unemployment benefits," he said, "there would have been relief lines all over the country."

In the union's district 15 area, Bruce Alexander and Paul Hilbert, the district director, organized a community services program to help steel workers in distress. Banks were asked to grant moratoriums on mortgage payment, and 150 agreed. Members were told how to obtain public assistance and surplus food. Medical and hospital service were obtained for men whose benefits had lapsed because of prolonged idleness.

But the picture has its shadowy corners, too. George Combs, a burner in the Clairton plant of United States Steel, has been out of work for thirteen months. He says he has not had "eight hours work since I was laid off." His benefits will run out in a few weeks. He owes a \$400 furniture bill. The store is waiting. He has not been able to pay his \$42-a-month rent for an apartment in a county housing project. The project is waiting.

He receives a relief check for \$4 every two weeks. He sought surplus food and was told he was ineligible. Now he finds other men with his seniority called back to work. He is getting uneasy about providing for his wife and three children.

"TAKE JOB ANYPLACE"

"I'll take a job any place," he said. "After more than a year this place don't look so good to me."

In that judgment, George Combs is not typical. Despite unemployment, steel workers are reluctant to strike out to new frontiers. Their homes, their families, their roots keep them clustered about the mills. In Beaver Valley, Wilbert Berarducci, 22 years old and unemployed since July 23, 1957, drove West a few weeks ago with his wife in his 1946 automobile.

Almost as soon as he arrived in California, he received a telegram from his mother, summoning him back home. He had been called back to the mill, she said. Without funds and unable to rely on the old automobile for another trip across the continent, he hitchhiked home in five days only to find there had been a mixup and no job awaited him.

"Why did you come back?" he was asked. "Why didn't you stay out in California and look for a job?"

"Why," he said without hesitation, "this is my home and I'm a steel worker."

WEST VIRGINIA GRIM (By Homer Bigart)

CHARLESTON, W. VA., March 10.—Thousands of unemployed coal miners have used up their "rockin' chair money" and are living on "mollygrub" in the coalfields of West Virginia.

"Rockin' chair money" is the miner's term for unemployment compensation. "Mollygrub" is the monthly dole of Federal surplus foods.

With about 15 percent of its work force idle, West Virginia is the blackest spot

among the Nation's areas of economic distress.

The statistics are grim enough: 45,000 workers have exhausted their unemployment benefits; 280,000 to 300,000 persons are subsisting mainly on "mollygrub."

A tour of coalfields south of Charleston revealed that the human tragedy was not yet as stark as in the 1930's when children fainted in schoolrooms for lack of food. This time the schools are providing free lunches for the desperately poor. And at home the surplus food dole, while deficient in protein and in bulk is generally enough to support what the natives call a "cornbread livin'."

There are no signs of desperate physical distress, not even in Big Coal-River Valley, where the expiring communities of Edwight and Highcoal present ghostly rows of boarded-up shacks. In the half-deserted streets and in the tiny yards of ramshackle dwellings, children play who look as least as robust as children in urban slums.

Tensions and despondency bred by long idleness are evident in the hopeless complaining tone of minors who have returned in disgust from job-hunting expeditions in Cleveland, Columbus and Detroit. The added complaint of racial discrimination was raised by Melvin Smoot, a Negro miner, in Highcoal. "A mine superintendent told me he ain't hiring any colored," Mr. Smoot said.

The mine at Highcoal blew out (shut down) more than a year ago, throwing 82 men out of work. They were the last of a gradually reduced force of about 500. Mr. Smoot, 37 years old, with eight children, was laid off December 31, 1957, the night his wife gave birth to twins. He has had no work since then. He drew the maximum of 24 weeks, plus a special extension of 12 weeks, in unemployment payments last year. Payments in reduced amounts (\$21 a week) were resumed a few weeks ago, but Mr. Smoot said he had to use his first two checks to pay the utilities bill.

NO RENT SINCE JULY

The Smoot dwelling is a gray, soot-crusted four-room house renting at \$16 a month. But Mr. Smoot said he had not paid rent since last July. Nor had he been able to buy tubes for his television which failed Christmas eve.

His monthly "mollygrub" included 30 pounds of flour, 5 pounds of butter, 10 pounds of rice and a small quantity of meal. This was not enough for 3 weeks, he said. Supplementing the Federal dole was a windfall of canned milk, canned peas and a little sugar from Charleston churches following an exposé of Highcoal's plight in the Charleston Gazette.

Despite the dismal outlook, Mr. Smoot said he would remain in the dying town because jobs were scarce in Ohio cities and because "they claim there's going to be a lot of roadbuilding around here."

But up the road in the white community, Carl Harris had decided to quit the mines and try farming. He had gone to Lincoln County to look for a farm. Meanwhile, Mrs. Harris, carried away by visions of bucolic plenty, had bought 100 pullets for \$2. They were cheeping in the kitchen as Mrs. Harris told of the impending move to Lincoln County.

"They do right smart farmin' down there," she said. "They got some little bitsy old mines but mostly farms."

Still, she hated to leave Highcoal. "I like the people here: they're friendly," she said.

In near-by Whitesville, shopping center for Big Coal Valley, Quentin Barrett, principal of Whitesville Elementary and Junior High School, summoned his teachers to an emergency meeting.

"Starting tomorrow," he announced "all children who are completely destitute and look undernourished will be given a cup of

cocoa and a hot biscuit at the start of school each morning in addition to the regular hot lunch. Maybe some scrambled eggs, too."

He asked the teachers how many children came to school without having had any breakfast at home. They reported a total of 65. The school has an enrollment of 700.

FREE LUNCH TO DESTITUTE

For the hot lunch the school charges 25 cents. But families on relief pay only 15 cents and the lunch is given free to those described as "penniless and destitute."

The Reverend Jack Weller, director of the mission project of the United Presbyterian Church, said conditions were particularly grim in Edwight, a few miles up the valley. He said the land company that owned the miners' houses had recently turned off the street lights, adding to the tension, and there were reports the water supply would be shut when the village school closed at the end of the spring term.

He estimated that "at least 1,800 persons in the valley aren't getting a balanced diet." He recalled that the Whitesville Fire Department, in making up its Christmas list, found that 300 families in the area had no income at all.

In Charleston, Raymond Lewis, brother of John L. Lewis and president of District 17 of the United Mine Workers Union doubted that many miners now out of work would find jobs again in the industry.

He called the current crisis "a lot worse" than the depression of the 1930's.

"The 1930's depression was just the end of a boom period. It was not caused by technological advances but by overproduction. This one here is a different story, an industrial revolution like the one that hit England when the spinning jenny was invented."

Mr. Lewis said scarcity of labor during World War II forced operators into mechanization. "By 1949 new equipment began to come in. Thereafter there was a steady decrease in miners and an increase in production."

"In 1948, West Virginia had 125,000 coal miners. Last year there were only 68,000 men in mines."

Sheriff T. H. McGovran, of Kanawha County (Charleston) said the number of men arrested for nonsupport had risen steadily during the last 14 months of deepening unemployment.

He suspected that in some cases the man was driven by desperation to seek a jail sentence for nonsupport so that his wife could then apply to the State Department of Public Assistance for benefits. "A man who can't support his wife can do it by going to jail," the sheriff explained.

DETROIT DESPERATE

(By Damon Stetson)

DETROIT, March 11.—Mrs. Charles Lawrence listened quietly as her husband, a carpenter, sat in the living room of his small Oak Park home and told about his futile efforts to get a job.

His unemployment benefits had run out and the immediate future looked grim for a couple in their early thirties with two children.

Suddenly Mrs. Lawrence, a brown-haired woman wearing a pink jersey and black skirt, leaned forward and said grimly:

"I think the situation here in the Detroit area is just as desperate as if we'd been hit by a tornado. It's just as much a disaster for us if we lose our house as if a tornado struck us—except that the kids are safe. But if a tornado hit, the whole country'd be ready to help us."

"As it is," she continued, "the bill collectors keep saying the recession is over. For whom, I'd like to know?"

"For me," Mr. Lawrence said "it's no recession. It's a depression."

FIFTEEN AND FOUR-TENTHS PERCENT IDLE IN AREA

The Lawrences are probably luckier than thousands of other unemployed people in this hard-hit area. They have been getting \$49 a week in unemployment benefits, plus \$55 a month as a veteran's disability pension.

Mr. Lawrence has some hope of getting work when the weather improves, although his disability is likely to force him to give up carpentry. But this couple were able, in a few words to articulate the plight of the 229,000 people, 15.4 percent of the labor force, now out of work in Detroit.

In Michigan, 364,000 people, or one worker in eight, are without jobs. Last year 242,800 of the unemployed exhausted their jobless benefits. By April 1 about 145,000 will have exhausted their temporary additional benefits.

You begin to sense what has been happening when you pass a store on Charlevoix Street where the featured items are smoked hocks at 19 cents a pound, neck bones at 15 cents and spare ribs at 10 cents.

A visit to the welfare department's surplus commodities division at 8300 Woodward provide further insight. A thousand people a day line up there to get their allotments of dry milk, rice, corn, meal, flour and butter. Last month 130,112 persons got surplus food at this center and 154 grocery stores, where the commodities are also distributed.

Robert Feagin, a 38-year-old auto worker, was laid off at Chrysler's Jefferson plant in 1957. He has a wife and three children, and long ago exhausted his unemployment benefits. Lately he has been getting \$69 every 2 weeks from welfare.

"JUST CAN'T GET A JOB"

"They tell me at the plant there's no chance of getting back unless a miracle happens," he said. "I've been looking for work all over but I just can't get a job. I hate being on welfare. Its enough to make a man jump into the river. But right now I've got to see about getting some blood. My wife's expecting and I'm afraid she's going to need some help."

Roy Case, a thin, bespectacled man who lives in a three-room flat among drab, closely packed houses, was laid off in January, 1953. He has not worked since. He has a wife and one child. They have been living on \$41.45 every 2 weeks from welfare since their unemployment benefits stopped. Of this, \$20 goes to Mr. Case's landlord for rent.

"I went to Chicago once looking for a job," he said, "But I didn't have any luck. Around here all you get is 'no' when you ask for a job. It's the worst I've ever seen it."

Harvey Sampson, an auto worker with 12 years' seniority, has been getting \$44 a week in unemployment compensation plus \$9.14 in supplementary unemployment benefits since he was laid off last year.

He has a wife and three children and has to pay \$55 a month in rent for his six-room flat.

"We're not living," he said. "We're existing. I can't find anything. If I go to an employer and ask for a job, he says he doesn't want to hire me because I have 12 year's seniority and he's afraid I'll be called back."

A boom in the auto industry would do more than anything else, probably, to resolve Detroit's and Michigan's unemployment problems.

But the overconcentration on manufacturing in Michigan, especially in automotive production, means that the State's economy is unusually sensitive to economic dips and consequent declines in the purchase of durable goods.

The long term answer to Michigan's unemployment problem, competent analysts of the situation say, is greater diversification to insure a better balance and less dependence upon the economic fate of one or two

major products. Additional defense work, drastically reduced here since the emphasis has been on missiles, would perhaps provide more immediate help.

Mr. SALTONSTALL. Mr. President, will the Senator yield for an insertion?

Mr. BUSH. I had promised to yield first to the distinguished Senator from New York, but I yield 30 seconds now to the Senator from Massachusetts on the amendment.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 30 seconds.

Mr. SALTONSTALL. Mr. President, I shall support the amendment of the Senator from Connecticut and the Senator from New York, but I am opposed to the bill. I have prepared a speech. Because of the pressure of time, I shall not try to deliver the speech, but I ask unanimous consent that it may be printed in the RECORD at this point.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SALTONSTALL

I rise to express serious misgivings about S. 722, the area redevelopment bill which is now before the Senate.

First, I wish to express my confidence in the sincerity of concern for a real problem which has been expressed by the Senator from Illinois, Mr. DOUGLAS, who introduced S. 722, and by many other Senators who joined Mr. DOUGLAS in sponsoring this bill. I share their concern about any conditions of unemployment which now or may in the future exist in the United States. We have experienced in Massachusetts and in New England our share of industrial depression in many communities. I am deeply sympathetic with the plight of our citizens in communities in my own State who have been affected in recent years by localized chronic unemployment. My objection to this measure in no way reflects a lack of concern nor do I differ with the basic objectives of aiding depressed areas. Rather, in my judgment, this bill offers an unsound approach to these problems and generally would not assist us in Massachusetts. We have in Massachusetts met our adversities with imagination and industry.

We have local industrial development commissions in almost every industrial center in the State. The story of Lawrence's industrial redevelopment has been given nationwide publicity. The city has earned the admiration of all for the manner in which it has shouldered its responsibilities and regained its industrial strength. In Lowell, Mass., the local officials and civic-minded citizens have worked together to restore thousands of jobs in diversified industries after textile mill closings brought about a severe depression. The city built and housed new plants and attracted new industry. Cities such as Quincy, Mass., have undertaken a number of ambitious civic projects which have kept the city strong and I am pleased that Quincy is today among those areas not classified as labor surplus. Fall River as a civic project constructed a modern manufacturing plant and attracted an industry from outside to use it. Other communities in Massachusetts are taking equally imaginative and vigorous steps to aid their own local economies.

Moreover, the bill is highly discriminatory as it affects many of our communities. It would aid some of our depressed areas but fail to aid others. It fails to seek out the basic causes of our difficulties and establishes arbitrary standards whereby the citizens of one community subsidize transfer of their livelihood to other communities which, on

fundamental analysis, may not be as seriously affected as their own.

The bill fails to take into account the fact that many of our communities, and I speak now of Massachusetts cities and towns with which I am familiar, have already borrowed to their debt limits. In our case in Massachusetts this would necessitate permission of the State Legislature before further borrowing could be undertaken.

Insofar as Massachusetts is concerned, this bill would only hold out false hopes for our depressed communities.

Fundamentally, I am opposed to the program in the bill before us today for the reason that it would not operate, as proposed, to cure much to be deplored unemployment thereby making the economy healthier. Rather, it would seek to cure unemployment in certain areas while simultaneously creating unemployment tendencies elsewhere.

This measure would establish a program under which States like my own and others with long histories of industrialization, would be forced to contribute to the erosion of their own substance. This Federal program to subsidize the establishment of new industrial enterprises cannot operate but to injure Massachusetts. We have already suffered from the migration of our industry to States with lower wage levels, lower cost programs of public welfare, less costly public utility services and lower property and income taxation. We have suffered through the operation of Federal programs frankly designed to help other parts of the country. Examples of these are the subsidies given to American producers of raw materials and manufactured products needed in New England industry and commerce. These subsidies include import barriers on foreign produced fishing vessels, petroleum products and wool and artificially supported raw cotton prices. Moreover, Massachusetts contributes far more in Federal taxes than she received back in Federal grants and services.

Massachusetts and other similarly situated States will only suffer further disadvantage from the Area Redevelopment Act which openly proposes to industrialize large quantities of rural areas at our expense and with the inevitable effect of attracting industries and jobs from our communities.

The principle underlying this bill is that Paul can be paid by robbing Peter—a totally indefensible proposition.

The bill by implication concedes that it involves the risk of helping depressed areas at the direct cost of reducing employment in healthier areas by providing the new jobs should be created in depressed areas "without substantially reducing employment in other areas." Nowhere does the bill provide a definition or a standard for defining what constitutes "substantial" reduction of employment outside the depressed areas. Amendments which would attempt to guard against the transferring of jobs from healthier areas to depressed areas have been rejected. The best explanation for this refusal is that the program provided in the bill can only help the depressed areas at the expense of healthy areas.

In all American history, our Nation has never been more dynamic; our work force has never been more qualified. And yet we are asked to consider a bill which would bring the mountain of industrial facilities to the Mohammed of arbitrarily selected numbers of unemployed persons. And we are supposed to credit the notion that this process will not retract substantially from the employment opportunities of areas to which no such mountain will be brought.

A third reason for my opposition to the bill is that the program it would establish is arbitrary in application, without clear criteria or standards for its operation and unrelated to the underlying conditions which

it is intended to cure. The definition of eligibility for the loans and grants provided in the bill would exclude from any assistance vast numbers of the Nation's unemployed by the application of purely statistical criteria which are in no way designed to take account of the causes of unemployment involved nor to give any recognition to areas in which conditions of unemployment are eliminated or averted through the application of local initiative and effort. The citizens in such areas and those in healthy areas will not only not benefit under the terms of this bill, but they will be forced to contribute tax revenues which may by their applications in some instances constitute a subsidy or reward for imprudent or mistaken behavior by business men, labor leaders, and local governments whose actions have caused or contributed to the conditions of unemployment which would be eligible for help under the bill.

Fourth, the bill would in effect establish a policy completely at odds with the basic principles of our competitive enterprise economy. Its operation can only weaken rather than strengthen private initiative.

Fifth, there is no evidence of which I am aware that the loan assistance provided in this bill for the financing of industrial facilities goes in any way to meet a genuine need in depressed industrial areas.

Jobs cannot be created simply by building and equipping a factory. Beyond that is needed a product with consumer demand which can be produced and distributed to compete successfully against similar products which are already being made and sold. With respect to these imperative needs in the creation of new industrial employment, the bill provides only for the duplication, under a cumbersome new administrative arrangement, of technical advice and assistance which is already effectively provided by or available from a host of competent existing private and public sources.

In this respect then, S. 722 is a deceiving illusion. It offers assistance of a character that is not needed—capital for industrial facilities—and adds nothing with respect to what may be the crucial needs to what is already available. It assumes that Federal funds will somehow create new products and the jobs to make the products.

Ten years ago a wise and able citizen of Massachusetts who rendered exceptional service to our Nation, Vannevar Bush, wrote as follows:

"The search for security by action of a paternalistic government * * * is * * * one in which muddled thinking abounds.

"One result of that kind of thinking appears to take the form of a belief that the Federal Government has a pipeline to some inexhaustible treasury on the moon; that it has income in addition to what it gets from the people in taxes; that the national income each year consists of something in addition to such total annual national products as we can produce. This kind of thinking looks at dollars, at money, as something significant in itself, rather than as to what it is—a mechanism, a mirror that reflects tons of coal, tons of steel, bushels of wheat, and so on.

"* * * We still conceive that money in some strange ways gives birth to more money, or that money can merely be printed.

"* * * Money does not make money. But money combined with judgment, courage, and risktaking can and does."

Federal Government money will not create a permanent net increase in industrial employment by the program called for by S. 722.

This brings me to my final point. This bill would create large new Federal welfare enterprise, which would strike a heavy blow against local initiative and effort both public and private. Local initiative applied to

public problems must be strengthened rather than thwarted.

This concerns me very greatly.

The most significant development of our generation in the political structure of America is the diminishing responsibility of local government.

As one who has served in city government, the legislative and executive branches of State government, and for 14 years in the United States Senate, I believe in the importance of strong local government which this bill would tend to diminish.

I want to make it clear that I am greatly troubled by this development. Local government is very important. It should be nourished and strengthened. It should not have functions and responsibilities which it is capable of performing effectively usurped by either the State or the Federal Government.

The reasons for the diminishing significance of local government appear to me to include the following:

First, many of the tasks and problems of government have gotten too large and complex to be dealt with by local government. This has been a natural and perhaps inevitable corollary of the increase in the size of our population, the increase in the complexity and integration of our economy, and the manifold changes which these increases have helped to induce in the relationship of our Nation to the rest of the world. In addition, we have developed a more acute and larger sense of social responsibility which has contributed to the shift in relative significance from local to National Government.

Examples of the challenges to its feasibility which local government has not been able to meet either in terms of institutional capability or financial capacity include:

Public safety in the areas of civil defense and internal security.

Public utility services which are shifting to county, district, and metropolitan institutions; atomic energy has been absolutely federalized.

Transportation services including road-building, and local railroad, bus, and subway services.

Regulation of industry and commerce including quality, weight, measure, shipping standards, and other conditions of manufacture, and distribution of goods and performance of services.

Construction of public school facilities which has already been shifted to being in part a State government responsibility may be on the threshold of a further partial shift to a responsibility of the Federal Government.

There are doubtless some further necessary attritions ahead for untrammelled local government responsibility. A view of the road ahead may be accurately depicted by Prof. Robert C. Wood of Massachusetts Institute of Technology in his interesting recent book, "Suburbia, Its People and Their Politics."

Second, dissemination of information to the public is dominated by news media which are addressed to such large masses of people that they must focus public attention on tasks and problems of government of the broadest interest—the ones which are dealt with by the Federal and to a lesser extent the State government.

Third, our educational institutions have followed the lead of the mass media in concentrating their focus and the attention of their students on the tasks and problems of the Nation and the world and away from local public concerns.

Fourth, the conditions described in 1-3 tend to orient the vast majority of people who are best qualified and most strongly motivated for public service to render service in the Federal Government, thus negating State and local government needs.

All the foregoing conditions are operating to diminish the significance of local government. We cannot afford further erosion in the substance of this vital level of our political institutions.

There are a great many tasks and problems of a public character which are best undertaken at the local level—matters such as zoning and land use planning, establishment of private building standards, furnishing library services, supervision of the content and administration of public education, administration of real property tax assessment and collection, provision of programs of recreation for youth and the aged, to mention only a few.

The importance of strong and effective local governments to deal with these matters lies in their unique qualification to preserve precarious local characteristics where inhere in them. The greater the geographical area and the larger the number of people for which a standardized government solution to a problem must be found, the narrower is the range of permissible individual deviation which can exist for that area or population. Local individuality must inevitably be curtailed as problems are transferred to higher levels of government.

A further essential characteristic of local government is the opportunity which it affords for effectively fixing responsibility for the sound and efficient management of public services.

Because Senate bill 722 would operate to curtail further the responsibility of local government with respect to a task which is inherently within its capacity to undertake in cooperation with existing activities of State governments and the Federal Government, I cannot support it in the form in which it was reported to the Senate by the committee.

In summary, I oppose S. 722 because:

1. The communities in my State by local effort, initiative and imagination have done much to cure their own economic ills, and the bill offers practically nothing which is not now already available either from private or public sources.

2. Although I have great concern for the economic welfare of many communities in Massachusetts, this measure is discriminatory in that it forces our citizens to subsidize the development of some areas selected on arbitrary standards, while neglecting other areas.

3. The bill would encourage piracy and would draw industries away from those areas which with their own investment have already industrialized. It would create an arbitrary economic advantage for rural areas without justification.

4. The bill is vague and ambiguous.

5. It overlooks the basic causes of unemployment and creates the illusion that by the mere construction of factories jobs can be created.

6. It is at odds with our basic competitive enterprise system.

7. Finally, it would tend to weaken further the responsibility and authority of local governments where effort of this nature should best be managed.

Mr. BUSH. Mr. President, I yield 2 minutes to the distinguished Senator from Utah [Mr. BENNETT].

The PRESIDING OFFICER. The Senator from Utah is recognized for 2 minutes.

Mr. BENNETT. Mr. President, I have prepared a statement with respect to the amendment sponsored by the distinguished Senator from Connecticut and myself, and a short statement with respect to the equipment amendment offered by the Senator from New York. In the interest of saving the Senate's time, and as an accommodation, I ask

unanimous consent at this time to have those statements printed in the RECORD without my reading them.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENTS BY SENATOR BENNETT

ANTIPIRATING SECTION IS WEAK AND VAGUE

Section 2

A. The dilemma of antipirating restrictions: The complete unworkability of the proposed legislation is clearly illustrated by the attempt of its proponents to meet the so-called runaway shop or industry-pirating problem.

The bill includes a so-called antipirating provision stating that Federal loans shall not be made to assist—

"establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment."

While we differ as to the effectiveness of the proposed language, we agree that the proponents of the bill have placed an impossible burden upon the Administrator, who would face this dilemma:

If areas are to be redeveloped to the maximum extent possible, the inducements offered by the Federal Government in cooperation with other public and private agencies, are bound to encourage the transfer of jobs and facilities from one area to another. The very essence of growth and development involves movement of resources. A manufacturing firm with a branch plant built under a "depressed areas" program will want to remain free to allocate production among its various plants in future years. Communities in almost every State and congressional district are interested in attracting new industry and jobs. Clearly, under an unrestricted area redevelopment program, communities are certain to feel the impact of any redistribution of resources and jobs induced by the availability of Federal money to areas which are currently depressed. Thus, the danger arises that new depressed areas may be created in an attempt to eliminate those now existing.

On the other hand, if the proposed legislation places severe restrictions on the entry of firms into depressed areas in an effort to guard against the so-called industry-pirating problem, the program of redevelopment may well be seriously handicapped.

In short, the Administrator's problem, under the bill, is one of either building up some areas at the expense of others or attempting to comply with a legislative standard which is unenforceable. There are no criteria for determining the amount of unemployment that might be regarded as inflicting "substantial detriment" upon a community. Would the relocation of an industry providing 100 jobs from Detroit to another State result in sufficient additional "detriment" to a community with 217,000 already unemployed to be reckoned as "substantial"? How and when would the Administrator ascertain that redevelopment in one area violates the apparent intent of the Senate to avoid pressures in other areas?

B. Discrimination within industries: Moreover, not only would the bill promote discrimination by the Federal Government in favor of some areas at the expense of others, it would also promote such discrimination to benefit some companies within a given industry at the expense of its competitors.

Assume a situation in which several companies have plants in various parts of the country, none of which are in a so-called depressed area.

Company A, employing 250, is at a competitive disadvantage because it has not kept pace with the industry as a whole in mod-

ernizing its factory and improving machinery.

A community eligible for redevelopment under the bill builds and equips a factory with Federal assistance, and induces company A to relocate.

A double discrimination, promoted with Federal funds, has thus taken place: Discrimination against the area of original location of company A and discrimination against company A's industrial competitors.

C. Senator DOUGLAS and I went to Detroit and held a hearing. The mayor of Detroit told us on his own—on its own—the city government has raised \$2 million and purchased 17 acres of land and torn the buildings down and they were redeveloping it. And later that afternoon in came a representative of the city of Jackson, Mich., who did a little arithmetic and said, "Those 17 acres are costing the city of Detroit \$118,000 an acre." And he said, "The best place for me to pirate industry is not outside of Michigan, it is in the city of Detroit."

In other words, with this kind of language remaining in here, we can actually envision a situation where communities both using Federal funds are in a position to pirate industry away from each other, and we will set up an industry with Federal funds in community A, Detroit, and then the fellow from Jackson will come over and take it away because he said, "We can furnish them industrial land for \$350 an acre, not \$118,000."

E. Let us suppose that in a period of rising demand, a manufacturer established a branch or second plant in a depressed area with Federal assistance in financing. Let us further assume that he occupied his new plant for a few years and during the next dip in the business of the firm he had to cut back some operations—reduce output.

If he reduced the work force in his original plant and held the full force in the new one, would this represent a transfer of jobs?

If he finally had to close one plant for lack of business—would it be a violation of his loan agreement if he closed the old one? If so, would the Federal Government call his loan and maybe put him completely out of business?

If, in a new plant established through this program, business suffers due to poor management or good management and a poor market condition, can the Government then stop helping the project it started?

Is there a moral obligation to continue subsidy to a business venture in the first instance nurtured through subsidy?

Questions of this sort are difficult to answer. Experience with agricultural subsidies, for instance, illustrates the difficulty of terminating any program of Federal aid once it has become established. Can we let this happen to the American manufacturing industry? It is the first steps that seem so mild, so meritorious that begin such unwise programs.

D. Individual views of Mr. BENNETT and Mr. BUSH: To our minds, the use of Federal funds to help some areas attract industries and jobs from other areas is unconscionable and must be prohibited without any qualifications.

If such a prohibition is not written into S. 722, the people of industrial States may be forced to underwrite with their Federal tax dollars the export of jobs to competing areas.

The bill should be confined to the purpose stated in President Eisenhower's "Economic Report" to the 85th Congress, namely, "to create new job opportunities instead of merely transferring jobs from one locality to another."

On page 2, line 19, strike out all after the word "created" through line 22 and substitute the following: "rather than merely

transferred from one community to another."

On page 9, line 22, insert a period after the word "another" and strike out "when such assistance will result in substantial detriment to the area of original location by increasing unemployment."

These amendments will draw a clean-cut issue between Senators who wish Federal funds used to assist the the relocation of industries and jobs from one area to another, and those who believe, as we do, that such intervention of the Federal Government in competition for industries and jobs among States and communities violates basic principles of the Federal system and is highly improper, unfair, and indeed unconscionable.

LOANS FOR EQUIPMENT UNJUSTIFIED AND UNFAIR

1. Thirty-year loans are okay for land and buildings, but have no relationship to the life of equipment. Equipment would be depreciated several times over that long a time.

2. Any enterprise brought in on the basis of land and buildings should be able to finance the equipment. If the firm can't finance equipment itself, it is doubtful that the community would want such a business risk.

(NOTE.—This applies to nonfixed equipment not attached to the building.)

3. This is an unreasonable public subsidy of business. You are doing more than just trying to aid areas with chronic unemployment.

4. It gives a major competitive advantage to those so subsidized.

Mr. BUSH. Mr. President, I yield to the Senator from New York [Mr. JAVITS] as much time as he may need.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, I shall take but a few minutes to explain what I consider to be an important point.

Mr. President, may we have order? This is an important bill, and this happens to be an important point about the bill, though I have no illusions of being able to convince a good many of our friends on the other side of the aisle; but this point at least ought to be listened to.

The PRESIDING OFFICER. The Senate will be in order.

Mr. JAVITS. Mr. President, what the Senator from Connecticut is proposing is that there should not be raiding, under the guise of this bill, on the big industrial States. I do not see how anyone can argue with that desire, if the honesty of the bill is to be maintained.

What I am proposing is the exclusion from financing, under the provisions of the bill, of machinery and equipment. There either would be made available another \$80 million or \$100 million, or the amount provided by the bill would be reduced by that amount. If another \$80 million or \$100 million should be made available we should take into consideration the objections made by the chairman that the cloth is not adequate to go around.

Those who wish to make reductions in the amount available will find it possible to reduce, legitimately, the amount provided. Why do I say "legitimately"? The classic pattern followed in the sections which have been hurt by chronic unemployment and unemployment because of technological reasons has been

financing through tax avenues and through acquisition of land in a community and the construction of buildings. One of the most notable examples of the rehabilitation of a community under self-help programs is the fantastic job done in the Utica-Rome area, which was one of the most depressed areas. It has been restored economically by the technique of making it possible to buy machinery on fairly liberal terms, under a self-financing plan. Machinery can become obsolescent or perishable. Then it is mostly a drug on the market for a particular community. Hence that kind of program should not be connected with this type of rehabilitation program. It costs a great deal of money. It takes much out of the bill.

In the testimony of the Department of Commerce, which is to be found at the foot of page 400 of the record of testimony on this bill, it is stated: "Machinery and equipment exceeds the investment in land and buildings by 4 to 1."

A survey by the Department of Commerce of industrial establishments under new construction showed that machinery and equipment constitute 43 percent of the total cost of building those establishments.

When that fact is coupled with the fact that the proposal is completely outside the tradition with respect to area rehabilitation, the very large amount provided in the bill which will go to machinery and equipment will cause legitimate suspicion on the part of great industrial States that an attempt will be made to raid them, using this very provision for machinery and equipment as bait. That factor would place a great handicap in the bill, unless the amendment were adopted.

I say to the friends of the bill—not those against it, but its friends—if they are really serious about the purposes of the bill, as they have expressed them, and wish it passed to assist their States, they should accept, not oppose, this particular amendment.

Mr. DIRKSEN. Mr. President, I should like to ask the Senator a question. Would the proposed amendment cut any money from the bill, or would it simply eliminate the use of funds for machinery and equipment, so that the funds would be intact and could be used only for renovation, construction, and so forth?

Mr. JAVITS. As I and the Senator from Connecticut designed the amendment it would cut no money from the bill.

Mr. DIRKSEN. The amount of money in the bill as reported by the Committee on Banking and Currency would remain intact?

Mr. JAVITS. Exactly. However, if we are successful it would be legitimate to move to reduce the amount, and the same purpose could be accomplished, or we could accomplish 40 percent more if we left the amount intact.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. BUSH. I believe the amendment, as merged, would severely restrict the

use of these funds. That is the purpose of my amendment.

Mr. JAVITS. That is the purpose of my amendment.

Mr. BUSH. The money could not be used for financing the transfer of an industrial organization from one State to another. The use of Federal funds would be prohibited in that regard.

Mr. DIRKSEN. But the amendment inserts the word "not" so that the money would remain intact at the level reported in the Douglas bill, but could not be used for machinery and equipment.

Mr. JAVITS. The Senator is correct.

Mr. DIRKSEN. The money would remain in the bill at some \$380 million-plus.

Mr. JAVITS. Except that it would be susceptible to a reduction of from \$80 million to \$100 million, without changing the purpose of the bill.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. BUSH. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator has 15 minutes remaining.

Mr. BUSH. Mr. President, I yield myself 2 additional minutes.

I simply wish to say I endorse all my distinguished friend from New York has said regarding the amendment. I want to thank the Senator for the suggestion that we merge the two amendments, which I think are not conflicting, but rather are complementary. I believe if the amendment is agreed to by the Senate, it will make the bill much more palatable to a great many areas of this country. I strongly urge the Senators who believe that the pirating of industry should not be done at the expense of the Federal Government to support the amendment.

Mr. DOUGLAS. Mr. President, I yield 2 minutes to the very able junior Senator from Connecticut.

Mr. DODD. Mr. President, I am reluctant to enter the debate on the amendment, because my distinguished colleague, the senior Senator from my State sponsored the amendment. There are many occasions when I find myself in agreement with my friend and colleague from Connecticut, but I feel compelled to differ with him on this amendment for two or three reasons which I should like to make clear on the record.

I speak in opposition to the pending amendment which would, in my judgment, make this bill unworkable and endanger its passage.

I fully agree that funds under this bill should not be used for simply moving industries from one place to another. We are all in agreement on this point.

However, I am convinced that the antipirating clause now in the bill provides reasonable and adequate protection against this practice. There are many controversial points in this legislation, but the antipirating clause is one point upon which there is preponderant agreement. The clause in the Douglas bill, S. 722, is the same as that in the

administration bill, S. 1064, and in fact it was taken from the administration bill. The clause in the Douglas bill has the support of the administration, the Banking and Currency Committee, and has substantial backing from both sides of the aisle. It has this support because it is the best clause that reasonable and conscientious men can agree upon.

The philosophy behind the pending amendment seems to be that Connecticut cannot compete successfully with other States for new businesses. I do not share this view. I think our State has more to offer new business than any State I can think of. Our State finances are sound. We have a great deal of skilled labor of all kinds; the level of health and education and of public facilities in our State is high and we are located right in the midst of the great consumer market of the Northeast.

There have always been, and always will be, transfers of business from one locality to another. Of necessity, redevelopment requires a degree of flexibility, a margin for discretion, in order to tailor each project to the needs of a particular area. To prevent any relocation of industry, to remove the necessary margin of discretion from the hands of the Administrator would destroy this bill.

The rigid amendment that my colleague the Senator from Connecticut proposes would make the administration of this bill impossible, invite countless lawsuits over its application, and cost the whole bill the support of many who now favor it.

Congress learned long ago that it can make the laws but not administer them.

The wording of this bill is clear. The legislative intent as spelled out in the hearings and in the floor debate is clear. Congress is on record, completely and adequately, against use of this bill for purposes of industrial pirating.

We must depend on the executive branch to administer any law faithfully and conscientiously. We cannot administer it ourselves. We know that the amount of money available under this bill is not nearly enough to meet the requests that will flood in from all areas of the country. I believe we can rely on the integrity and the dedication of those administering this act to see to it that only those requests which best square with the intent of Congress will be granted.

Over the years in this as in all bills of this kind, we shall probably find provisions which need tightening or loosening.

This may prove true of the antipirating clause. But for now, the present clause in the Douglas bill, which has substantial support from all sides, should be given a chance. I oppose the present attempt to amend it.

Mr. DOUGLAS. Mr. President, I ask for the defeat of the amendment. The Bush portion of the amendment has already been adequately taken care of in the bill itself, and is covered in the report. To have further binding language would hurt our friends of the South. The amendment is, in a sense, an anti-

southern amendment; and though I come from the North, I do not wish to sponsor or support such an amendment. The Javits portion would be too restrictive.

BUSH ANTIPIRATING AMENDMENT NOT NECESSARY

At page 9, line 20 of the bill as reported, it is stated:

Such financial assistance shall not be extended for working capital, or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

Then, on page 22 of the report, it is stated:

Section 6 expressly provides that loans made under it for industrial projects must not be granted to assist establishments relocating from one area to another, when such assistance will result in substantial detriment to the area of original location by increasing unemployment. This provision reflects the declaration of purpose of the act, to create new employment opportunities by developing and expanding facilities and resources without substantially reducing employment in other areas of the United States.

If the proposed transfer of a plant from one area to another will create as much unemployment in the area it leaves as it absorbs in the area it moves to, nothing has been gained from the point of view of the overall economy of the United States. The use of Federal funds for a transfer of this sort would not be justified. Expansion of existing firms and the creation and development of new businesses or new branches of firms in business elsewhere, without at the same time substantially reducing existing employment opportunities, is the aim of this Federal assistance. In an expanding economy ample opportunities can be found to develop the depressed areas without injury to other areas of the country.

Now this, I submit, is sufficient protection against the use of Government funds to finance so-called runaway plants. The main objection to plant relocation is that it causes substantial unemployment. We are not trying to freeze in the status quo. If that were to be a relocation into a depressed area, and if the relocation did not cause substantial unemployment, I see no reason that it should not be permitted.

I further submit that the bill and the report is sufficient to guide the Administration in allocating loans. Were he to grant a loan to finance a plant relocation which hurt an area, he would clearly be in violation of the intent of the act.

I am firmly convinced that the Bush amendment is so rigid as to virtually destroy sound administration discretion and flexibility.

Moreover, the Bush amendment would cause many of our southern friends to oppose the bill in the belief that it would finance businesses in staying where they are and not creating new employment opportunities in the South. Its adoption would cause the bill to lose support without picking up any new support. For example, even if we adopted it, I doubt that the senior Senator from Connecticut would support the bill as amended.

We have discussed and worked on this problem for nearly 5 years. We have reached the agreement embodied in the bill. Thus I will certainly oppose efforts to upset this agreement.

JAVITS PROPOSAL TO EXCLUDE MACHINERY AND EQUIPMENT TOO RESTRICTIVE

The Javits portion of the amendment would restrict the loans to lands and buildings, and would make the program largely ineffective.

The cost of land is relatively small in depressed areas, simply because they are depressed. The cost of buildings will not be much either, because in many cases it would be possible to take over an existing building and rehabilitate it with a relatively small amount of capital. Thus, the thing that can really make redevelopment possible would be the financing of equipment and machinery which lies at the heart of the whole enterprise.

Now, there are two main arguments which might be raised against the inclusion of machinery and equipment. First. It may be said that, because of obsolescence, we should not finance machinery for such a long period of time as 30 years. I would agree with this, but the 30-year period is a maximum, and I would expect the Administrator to provide for a realistic period in the case of loans for machinery and equipment. Depending on the nature of the machinery or equipment, this might run from 5 to 15 years. Second. It may be said that making loans on machines is dangerous, because if the loans cannot be repaid, the Government would lose its investment. However, there are many general-purpose machines such as lathes and punch presses which can be applied to a great variety of uses. Thus, it is not necessarily true that the Government would lose its investment were the loan to go into default.

Therefore, Mr. President, I hope very much that the Bush-Javits amendments will be defeated.

Mr. BUSH. Mr. President, I yield myself 2 minutes for the purpose of observing it is delightful to see my friend, the Senator from Illinois, show so much consideration for our friends of the South. I am sure they appreciate his concern very much, indeed.

In regard to what my distinguished colleague from Connecticut [Mr. Dodd] said, I wish to observe that the northeastern part of our State, to which he referred in his remarks earlier in the day, has suffered for many years from an unemployment factor, although that has not always been the case. In 1956 that section pretty well attained full employment. Nevertheless, the area has been seriously affected by the moving of industry from our State.

I simply wish to say that I am indeed concerned about the effect of the bill, since it would facilitate the movement of industry from my State into other sections of the country. I object very strongly on behalf of my State to the use of Federal funds for that purpose. The whole purpose of the so-called Bush-Bennett amendment, and I make no

apology for it, is to prevent such a thing happening.

I believe if the sponsors of the bill believe sincerely what they have written into the bill, namely:

Such financial assistance shall not be extended for working capital, or to assist establishments relocating from one area to another—

They should stop there and say so, rather than permit the bill to be "weasel worded" in such language as—when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

I ask Senators if they can tell anyone what constitutes "substantial detriment." I say that is an impossible term to define, and therefore the bill itself would be unworkable and impossible to administer.

Mr. KEATING. Mr. President, will the Senator yield on that point?

Mr. BUSH. Mr. President, I yield 2 minutes to the Senator from New York.

Mr. KEATING. I need only 1 minute to ask the Senator a question.

The junior Senator from Connecticut [Mr. Dodd] raised the point that the amendment would make the bill difficult to administer. One of the great merits of the amendment offered by the Senator is that it would make it possible to administer the bill. With the wording—

when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

The terms are so vague as to make it impossible for any administrator to construe them. Does the senior Senator from Connecticut agree with that statement?

Mr. BUSH. The Senator from New York is absolutely correct. That is the whole point of the amendment.

Mr. ALLOTT. Mr. President, will the Senator yield for a question?

Mr. BUSH. I yield to the Senator from Colorado.

Mr. ALLOTT. Is it not a fact that the language on page 9, which language is sought to be stricken, could be interpreted to mean, in actual practice, that the administrator could move a business from one area to another area if fewer people would remain unemployed in the former area than would be put to work in the latter area?

Mr. BUSH. Exactly. The purpose of the amendment is to simply prohibit entirely the use of Federal funds for the purpose of relocating an establishment from one area to another.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. BUSH. I yield 1 minute to the Senator from Ohio.

Mr. LAUSCHE. Am I correct in my understanding that under the language of the bill Congress would say to one area, "You can get Federal money for the purpose of damaging a community in Ohio and benefiting yourself."

Mr. BUSH. That is correct.

Mr. LAUSCHE. "Unless it is shown that you propose to damage it substantially, that money will be available to you."

Mr. BUSH. That is correct. But who is to determine what is "substantial detriment"? The poor administrator? I submit to the Senator from Ohio that he would have an impossible assignment.

Mr. LAUSCHE. In my opinion, that provision, in effect, would serve notice upon communities, "Come to the Federal Government and receive Ohio taxpayers' money, and with that money draw away from Ohio those industries and businesses which it has developed through good government and good service, and locate them in other communities."

Mr. BUSH. The Senator has stated the case better than I possibly could.

Mr. President, unless some other Senator wishes to speak on this amendment, I am prepared to yield back the remainder of my time.

Mr. DOUGLAS. Mr. President, I yield back the remainder of the time on our side.

The PRESIDING OFFICER. All time has been exhausted or yielded back.

The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BUSH] on behalf of himself, the Senator from New York [Mr. JAVITS], and other Senators. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Arizona [Mr. HAYDEN], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from Washington [Mr. MAGNUSON] is absent because of illness.

I further announce that, if present and voting, the Senator from Washington [Mr. MAGNUSON] would vote "nay."

The result was announced—yeas 33, nays 60, as follows:

YEAS—33

Aiken	Cotton	Martin
Allott	Curtis	Morton
Beall	Dirksen	Moss
Bennett	Dworshak	Mundt
Bridges	Goldwater	Prouty
Bush	Hickenlooper	Saltonstall
Butler	Hruska	Schoepfel
Capehart	Javits	Scott
Carlson	Keating	Wiley
Case, N.J.	Kuchel	Williams, Del.
Case, S. Dak.	Lausche	Young, N. Dak.

NAYS—60

Anderson	Hart	Monroney
Bartlett	Hartke	Morse
Bible	Hennings	Murray
Byrd, W. Va.	Hill	Muskie
Cannon	Holland	Neuberger
Carroll	Humphrey	O'Mahoney
Chavez	Jackson	Pastore
Church	Johnson, Tex.	Proxmire
Clark	Johnston, S.C.	Randolph
Cooper	Jordan	Robertson
Dodd	Kefauver	Smathers
Douglas	Kennedy	Smith
Eastland	Kerr	Sparkman
Ellender	Langer	Stennis
Engle	Long	Symington
Ervin	McCarthy	Talmadge
Frear	McClellan	Thurmond
Gore	McGee	Williams, N.J.
Green	McNamara	Yarborough
Gruening	Mansfield	Young, Ohio

NOT VOTING—5

Byrd, Va.	Hayden	Russell
Fulbright	Magnuson	

So the amendment offered by Mr. BUSH, for himself, Mr. JAVITS, and other Senators was rejected.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. DOUGLAS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JOHNSON of Texas. Mr. President, I am informed that there are two amendments to be proposed which are acceptable to the committee. I believe no discussion of them will be necessary. Then, I understand, the Senator from New York [Mr. KEATING] has a very brief statement to make on the bill. We can have a vote on the passage of the bill this evening if that is agreeable to the Senate. If there is to be a prolonged discussion of the bill we shall have to delay the final vote on the bill until tomorrow, because there is an important meeting to be held at 6 o'clock this evening which some Senators must attend. If the chairman of the subcommittee is agreeable to accepting the Kerr-Monroney amendment and the Bennett amendments we can get action on those amendments at this time.

Mr. DOUGLAS. I shall accept the Kerr-Monroney amendment and the Bennett amendments.

Mr. JOHNSON of Texas. Mr. President, I hope the Senator from New York will not take more than 2 or 3 minutes, because I should like to assign similar time to the Senator from Kentucky.

Mr. ALLOTT. Mr. President, I should like to have a few minutes on the bill. I realize the time schedule the leaders face. However, if I cannot have some time on the bill I shall have to object to a vote at this time.

Mr. DIRKSEN. I most respectfully suggest to the majority leader that perhaps we should delay the vote on the passage of the bill until tomorrow.

Mr. JOHNSON of Texas. Mr. President, may we have the amendments stated and accepted?

The PRESIDING OFFICER. The clerk will state the amendments offered by the Senator from Utah.

The LEGISLATIVE CLERK. On page 31, it is proposed to strike out lines 3, 4, and 5 and through the comma in line 6.

On page 31, after line 10, it is proposed to insert the following:

(c) The Secretary of Labor shall arrange to provide any necessary technical assistance for setting up apprenticeships and to promote journeyman and other job training in the area.

On page 32, lines 10 and 11, it is proposed to strike out "and section 16 of this Act".

Mr. DOUGLAS. Mr. President, I accept the amendments on behalf of the committee.

The PRESIDING OFFICER. Without objection, the amendments are agreed to en bloc.

The amendment offered by the Senators from Oklahoma [Mr. KERR and Mr. MONRONEY] will be stated.

The LEGISLATIVE CLERK. On page 7, line 19, it is proposed to insert after the words "public assistance", the words "from the Federal Government and/or".

Mr. DOUGLAS. Mr. President, on behalf of the committee, I accept the amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. KERR. I thank the Senator from Illinois.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CAPEHART. Mr. President, I merely wish to say one thing about the bill. It proposes bad legislation. I like to help unemployment. I do not believe that the bill will do that in the long run. Under a socialistic form of government, of course, the government accepts the responsibility for providing employment.

The enactment of the bill would establish the precedent of the U.S. Government furnishing jobs. I believe that under the bill the Federal Government would accept the responsibility of furnishing jobs in the United States even where they were not needed. I wish to go on record as saying that in my opinion the legislation which is here proposed is bad. The bill should be voted down. If we enact the proposed legislation embodied in the bill we may well live to see the day when we will socialize the United States and have the Government accept the responsibility of providing jobs. The bad feature of the bill is that we are accepting the responsibility of furnishing jobs in the United States. I think that is a bad precedent to establish.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be offered, the question is on the engrossment and third reading of the bill.

The bill, S. 722, was ordered to be engrossed for a third reading and was read the third time.

Mr. JOHNSON of Texas. I yield to the Senator from New York such time as he may desire.

Mr. KEATING. Mr. President, the declaration of purpose of the bill before us today, S. 722, contains the worthy and laudable statement that "under the provisions of this act new employment opportunities should be created by developing and expanding new and existing facilities and resources without substantially reducing employment in other areas of the United States."

The provisions of S. 722, however, cannot and will not approach this objective. It is, in fact, a bill which will aggravate the very problem it seeks to solve, a bill which will lead to the creation of additional depressed areas.

I am certain that each Member of this body is concerned over the conditions which exist in economically distressed areas of this Nation. But let us make sure that our diagnosis is correct and that the cure we propose will not lead to worsening conditions in other sections of the country.

One of the major causes of unemployment in parts of the Northeast has been the migration of industry. The provisions of S. 722 cannot help but contribute to the acceleration of such movement. Despite the language which purports to prevent relocation of industry, it would be unrealistic to assume that business firms would not take advantage of the inducements which are offered, or to as-

sume further that substantial detriment to the area of original location can be determined administratively. What will be the criteria for such determination? Shall it be the loss of 300 jobs, or 500, or 1,000 before there is substantial detriment? It would be detrimental to place legislation on the books which would be responsible for the loss of even one job in one part of the country while attempting to create employment opportunities in other areas.

As a result of the loss of industry, the termination of defense contracts and other factors, there exist pockets of substantial unemployment in my State, ranging from over 8 percent of the labor force in the Syracuse area to over 12 percent of the labor force in the Buffalo area. None of these areas would be eligible for assistance under the legislation which has been proposed. Among the smaller areas of substantial labor surplus in my State, only 3 of 14 would be considered under the provisions of S. 722. This situation can be multiplied in other States.

In other words, under the terms of this bill, New York taxpayers will be required to shell out large sums to relieve unemployment in other areas without any benefit whatever in New York. We do not want to appear selfish or unsympathetic to the needs of other communities but our New York taxpayers have serious problems right at home which are bound to constitute a drain on their resources at the State and local level.

I bring these facts to the attention of the Senate not to urge the broadening of the aid provided under this legislation, but to point out what I believe to be a serious defect in this proposal as presented to us. It is designed to aid a few communities at the expense of all.

I am deeply concerned over the unemployment picture in various sections of my own State. I cannot in good conscience support efforts which not only will not help New York but will actually aggravate our situation.

When I pointed out on the floor of the Senate last Friday that S. 722—even if workable—could render aid to only a small portion of the unemployed of this country and would be in effect nonexistent as far as the unemployed of my State were concerned, I was duly informed by the Senator from Illinois that these people of New York State might well be eligible tomorrow or next year.

I dislike to believe that such is the philosophy behind this proposed legislation. I dislike to believe that we are being asked to contribute our tax dollars at this time and wait until our unemployment picture becomes so aggrieved as to become eligible for this proposed aid tomorrow or next year.

In any event, this bill is unfair and discriminatory to those States which are bearing the costs of programs to alleviate their own unemployment problems and are now being asked to shoulder additional burdens. It is unfair to those States which are exerting every effort to maintain and attract business and which would be faced with the loss of such industry under the inducements written

into this bill. And lastly and probably most unfortunately, it is unfair to the very people it purports to help, the unemployed of this Nation, few of whom will ultimately be the beneficiaries. Millions will think they are getting something but less than 10 percent of them, under the most favorable circumstances, will benefit and at the same time, by the very terms of the bill, the unemployment problem will be rendered more acute elsewhere.

Let us not evade our responsibilities to the unemployed in depressed areas; but let us pursue a course which would provide the help which is needed without inflicting damage elsewhere.

Mr. ALLOTT. Mr. President, I wish to join my colleague, the junior Senator from New York, in the statement he has just made in opposition to the pending bill.

The bill, as written, is a misguided attempt to help those areas which have suffered from unemployment chronically throughout the years. I do not oppose this simply because it leaves my own State out of any possible benefits from the act, except those which are too nebulous to attract even the most guileless person.

I oppose it because:

First. As written, the program creates a precedent and pressures for immense additional expenditures of Federal money.

Second. The bill would not begin to provide jobs for even the 390,000 who are supposed to be the primary beneficiaries of the bill.

Third. By approaching the problem of unemployment on a local or area basis, the bill puts the Federal Government in the position of locating and influencing the location of private business in this country.

Fourth. The refusal to adopt the Bush-Javits amendment leaves the bill wide open to the most pernicious practice of all; that is, the pirating of business from one community to the other. Under the phrase, as used on line 22, page 9, and subsequently in the bill, "when such assistance will result in substantial detriment to the area of original location," the way is open wide for the pirating of business from one area to another. The bill does not set up standards by which the Administrator is to make such decisions. For example, under this bill it is possible for the Administrator to assist a chronic area even though it will result in unemployment in another area, if the total unemployment thus produced could not be considered substantial in the latter area. Or, to put it another way, if the amount of unemployment in the pirated area produced by moving a business was not substantial with relation to the total population, businesses could be pirated, not only with the assistance of the Government but with the Government supplying the money.

I look with great sympathy on the areas of this country which the sponsors of this bill say they are trying to help. I am anxious to try and assist them. But such assistance can never come within the straitjacket of this concept

which is here before us again today in an even worst form than ever before.

Since the bill cannot help but set in motion a chain of events detrimental to communities now healthy, and cannot begin to do the job which its proponents claim, I am forced to oppose it.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Kentucky as much time as he may desire.

Mr. COOPER. Mr. President, I have supported the committee bill, S. 722, and opposed the administration bill. I spoke at some length on this subject on last Friday. In the short time now available, I want to say simply that I have done so because I believe S. 722 will meet more adequately the desperate situation existing in the distressed areas or our country.

Federal responsibility and Federal action have been admitted by the administration bill, the amendment in the nature of a substitute offered by the distinguished Senator from Pennsylvania [Mr. SCOTT], and, of course, by the committee bill, S. 722. Unless one opposes all bills in principle, the only question before us, is the adequacy of the bill.

There is no question in my mind that S. 722 will cope more adequately with the problems of depressed areas than any other bill before us.

We do not know precisely what effect the passage of the bill will have on the budget. It will undoubtedly increase expenditures. Nevertheless, along with the defense of the country I can think of no greater obligation than to help persons out of work and hungry, in the depressed areas of our country such as S. 722 proposes. It is the only measure before Congress which offers any permanent help. For these reasons, I am glad to cosponsor and support S. 722.

Mr. DOUGLAS. Mr. President, I yield 2 minutes to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, I hope the Senate will pass the pending bill by a majority large enough to insulate it from any veto.

All of us know that if a community is to attract industry that community must offer good living as well as good business.

It takes more than a new factory building ready for occupancy. It takes roads, schools, sewers, playgrounds, plus all the other things which make any town a proper place in which to live and work.

Can communities do this by themselves? Let us be realistic. Local government finances in many of our localities have been drained by the recession until there is barely enough left to meet their own payrolls. How, therefore, can they afford, on their own, to make the additional investment needed to attract industry?

Where necessary and right, loan capital should be furnished by the Federal Government. And that is exactly what this area redevelopment bill will do.

In addition, S. 722 has the following features which make it worthy of our support:

First. It helps both rural and industrial areas.

Second. It is primarily a loan program, rather than a program of outright grants.

Third. The community lending procedure is so safeguarded as to avoid competition with private banks.

Fourth. It is directed primarily toward revitalizing and modernizing private enterprise, rather than toward substituting Government business for private business.

This is not a spending bill; it is an investment bill. Any businessman knows the difference between current operating expenditures and capital investment in plant and equipment. This distinction is equally true here.

Unemployment is not cured by unemployment compensation and other such benefits, necessary as they are. These are symptoms, not causes.

This bill attacks the causes. It is such investments today that will make sure chronic unemployment does not persist in the future. Only by investments of this type can we make sure that we will in the future operate our economy on a full production basis and thereby meet the great economic challenge posed to us by the Communist world.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD just prior to the vote on the area redevelopment bill a statement prepared by me in regard to the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUMPHREY

Today in Washington and throughout this Nation of ours we hear and read the slogan "Balance the budget." Those who question the wisdom in reducing needed Federal Government programs which a balanced budget would require are branded as spenders. Yes; everyone who wants a school lunch program for all the hungry children is, according to the Republican administration, a wild eyed radical spender. To be a saver or a good boy according to 1959 Republican Party standards, you have got to be against unemployment compensation, slum clearance and low-rent public housing.

I for one and the overwhelming majority of my Democratic colleagues will not be scared off by this flow of unsupported and unsupported political propaganda. I want to balance the budget, too. But first, like President Roosevelt, I want to balance the budget of human needs. Sometimes I find it difficult to believe that the Republican Party can so underestimate the basic good sense of the American people. All last year the President and his supporters talked about the Nation's good economic health and how a clever advertising campaign was all that was needed to help us regain the jobs lost because of the recession. We Democrats in Congress last year passed over strong administration opposition an area redevelopment bill. The President vetoed this bill which would have helped local distressed areas to help themselves. Well, the voters voted dozens of the President's fellow Republicans out of Congress last November.

To me the voters of the Nation spoke in clear and simple terms last November. They told the Congress and others in the Government that they were tired of confused lectures on how their Government was unable to meet the challenges of our time. The people of America told us by their votes that they were fed up with governmental officials who because of an apparent obsession with fears of the present or ghosts of the past

could not or would not see the America of the future as a great and expanding country.

Everyone of us regardless of political affiliation is determined that the peoples of the world be free. That means we are not going to stand back and permit the Communist leaders of the Soviet Union to take over and strangle freedom in America or any other free nation. Therefore, we must remain strong enough to deter or discourage the Soviet leaders from going to war. There should be no doubt left in the minds of any would be aggressor that we have the might and determination to win any kind of war they might start.

We all look forward to the day when the threat of war will lessen and permit the direction of our present military expenditures into programs to accelerate the progress toward a better life for all mankind. But we need not—and indeed we will not—wait until military expenditures are reduced before turning our attention to the relief of individual and community distress and the improvement of our economic structure.

EXPANDED ECONOMY URGED AS PREFERRED WAY TO BALANCED BUDGET

The United States can't afford to merely stand still.

We cannot be content with business activity only approaching a level we had already reached in 1956.

We cannot have a model T economic program in the jet age. If we do, the world will soon rush by leaving us by the wayside as a second-rate nation.

In view of our expanding industrial capacity, a constantly rising work force, and an increasing population, in order to maintain a healthy economy it is necessary that there be steady and solid economic growth and development.

A high level of unemployment and the widening gap between our industrial capacity and actual output is a tragic waste of men and equipment.

It cannot be condoned when we have so many unfilled needs here at home, when we should be giving greater assistance to underdeveloped nations so as to raise their standards of living, and when our defenses need strengthening so badly.

If we are to remain as the leader of the free nations of the world, it is imperative that we have a strong, growing, and dynamic economy. We cannot afford idle men and machines at so crucial a time in world history.

The President's budget is not geared to a healthy, expanding economy which can produce the goods and services we need if we are to maintain both a prosperous America and also maintain adequate defenses.

The President's budget is designed to limit economic growth on the theory that this is the only way to hold down prices and stop inflation. However, the facts are that in the past 3 years while our economy has stood still we have had the sharpest rise in the cost of living in the peacetime history of the country.

The answer doesn't lie in a stagnant economy, but rather in an expanding and growing economy whereby our manpower and machinery is effectively utilized.

We are all for a balanced budget. There is no earthly reason why a country as rich as ours should have to operate at a deficit in these times. I am for a balanced budget.

But there are three ways to balance the budget.

One way is to simply slash public spending to the level of expected income, regardless of the importance of the programs.

A second way is to raise taxes.

And the third way—which I favor—is to meet the costs of necessary public spending through fiscal and monetary policies designed to stimulate economic growth and larger incomes, which in turn means larger tax revenues.

This third alternative seems to me the only one which makes real sense.

There are a number of programs we can and should undertake now both as necessary to present needs and essential to future progress. Redevelopment of depressed areas is absolutely necessary to put our economy on a sound footing so that we can all move ahead together.

Major areas in the United States have suffered high levels of unemployment for the past several years. The causes for this are easily ascertained by a review of the economy in each of these areas. During the war years West Virginia produced the fuel that put the guns, planes, and ships into the hands of the fighting men of the United States and her allies. Production was stepped up to a point far beyond the need for coal when the war effort was cut off. Then, too, came automation. Coal is mined with more machinery and fewer hands. Other fuels came into the market.

The evidence before us in the Senate is that the need for area redevelopment is found in every region of the Nation. When we read down the list of cities where substantial unemployment has persisted for months and years we find communities that were once flourishing communities with thriving industry and people. Charleston, W. Va.; Providence, R.I.; Erie, Pa.; Buffalo, N.Y.; Detroit, Mich.; Durham, N.C.; Knoxville, Tenn.; Jasper, Ala.; Kenosha, Wis.; and Texarkana, Tex., are now among the distressed. But they were among the leading communities in America's economic development. These are the distressed communities of today, but they can be the bulwark of tomorrow's economic growth.

The problems of these depressed areas are not new. Until 1954 there was some hope that national full employment would spread itself around and pull up the economies of the depressed areas. However, by 1954 we could see that the problem required special attention. Many of us in Congress called for a program to promote economic rehabilitation in the urban and rural areas which had been passed over by general prosperity. It was 5 years ago that we in Congress pointed out that the Government of the United States had in the Employment Act of 1946 pledged itself to policies which would promote maximum employment. The Employment Act of 1946 did not say that this pledge was not to cover Charleston, W. Va., or Scranton, Pa., or Buffalo, N.Y., or Detroit, Mich., or Duluth, Minn., or any other city where unemployment was at a high level. No; the pledge of the Government of the United States is to follow policies to promote maximum employment in the Nation as a whole. Here we are, 5 years later, still trying to get the administration to act.

When we in Congress first put forward proposals to meet the specific problems of the depressed areas, the administration ignored the proposals. The serious recession of 1957 and 1958 added to the human deprivation of those who live in the areas of chronic high-level unemployment. So the administration can no longer ignore the problem. They cannot just say it doesn't exist—the facts have been called to the attention of the American people. The people know that children are hungry. The people know that in hundreds of communities children are unable to attend school because they have no shoes. The people know that hundreds of thousands of men, ready, willing, and able to work, have been unable to find jobs. And what is even more important is that the American people know these conditions will not correct themselves. Therefore, the proposals in Congress to encourage the redevelopment of these depressed areas have received wide support among our people.

Even the administration now knows that these proposals can no longer be ignored. Yet, instead of supporting the effort to promote area redevelopment, they continue to oppose any real action.

The President vetoed the area redevelopment bill Congress passed last summer, and the people of America showed their disapproval by vetoing more Republican candidates for Congress than at any time since 1936. Unfortunately, the administration still opposes the area redevelopment proposals which would do the long-overdue job.

The Republican administration now admits that there may be some distress in a few areas of the Nation, but they propose that the State and local governments do whatever is required. The administration takes the position that the Government of the United States just can't afford to help families and communities to recover and redevelop their economic potential.

I think the Congress, with the full support of the American people, should and will tell the administration that there are some things more important than a balanced dollar budget. That food, clothing, decent housing, medical care, and adequate education are necessary to a balanced human society. And that in the long run our whole way of life—our liberty, freedom, and high standard of living—depends on the willingness of each generation to assure expanding opportunities. The question should be how can the free people of America best utilize their human and natural resources. To force able and willing men and women to stand by unoccupied because of the lack of jobs is unpardonably wasteful. To deny today's children the necessities of life is to wantonly destroy our greatest future resource. But the men of little vision in the administration can only talk about the budget. And they say our depressed area redevelopment program is too expensive.

What have we proposed? We who have joined in the sponsorship of area redevelopment legislation, and there are more than 40 Senators on the bill, would authorize low-interest loans for private industry and public projects and grants for public facilities, in addition to informational, planning, and technical assistance to help State and local governments and development groups increase the number of permanent jobs in depressed areas. Also, we would permit an unemployed worker to continue to draw subsistence payments if he enters into a training program to acquire a skill which would help him get a job. The total cost of this entire program would be about \$390 million, with \$300 million of the total being in the form of repayable loans. The total cost to the Federal Government would be less than \$90 million or about one-tenth of 1 percent of the Eisenhower budget for 1960. Still the administration says "No, we can't afford it."

Let me tell you that there are expenditures included in the Eisenhower budget which we must pay, but which were unnecessarily incurred. I refer to the increase in interest on Government bonds—an increase of \$2,200 million. This increase of the interest rate, which will cost \$2.2 billion in the 1960 budget, was deliberately planned and engineered by the Eisenhower administration. What is more they are planning even more interest increases. This increased debt service charge is an expense which will recur each and every year. So here we find the same administration which says: "No, we can't afford area rehabilitation and the encouragement of job opportunities. We just don't have the \$90 million that the program would cost. But we will pay \$2.2 billion more in interest on Government bonds."

In 1960 this high interest policy will cost the American taxpayer 25 times that requested for the area redevelopment bill.

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the RECORD, immediately preceding the vote on the area redevelopment bill, a statement explaining my position.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BYRD OF VIRGINIA

The pending area assistance bill would establish WPA-type programs involving Federal and local money and possibly State money in areas where unemployment is found to be persistent.

The bill would authorize expenditure of \$389.5 million in Federal money. The administration proposed a similar program with expenditure authorizations totaling \$53 million. The bill would exceed the administration request by \$336.5 million.

As reported by the Senate Banking and Currency Committee the bill would authorize expenditure directly out of the debt, outside of appropriation control, of \$300 million. It would authorize other spending authority which may be either contract authority or authority to appropriate totaling \$89.5 million.

Provisions of the bill would:

1. Set up new independent agency in executive branch—the Area Development Administration.

2. Set up new loan program with two revolving funds for industrial and rural areas—to aid and participate in purchase, construction, rehabilitation, etc., of facilities for industrial uses; and it specifies that security for the Federal portion of the loans is subordinate.

Area assistance funds provided under S. 722 as reported by the Senate Banking and Currency Committee, compared with administration request

	Authority to expend from public debt receipts		Contract authority and other authority to appropriate		Total	
	Administration request S. 1064	Reported by Senate S. 722	Administration request S. 1064	Reported by Senate S. 722	Administration request S. 1064	Reported by Senate S. 722
Loans:						
For industrial projects:						
In industrial redevelopment areas.....		\$100,000,000	\$50,000,000		\$50,000,000	\$100,000,000
In rural redevelopment areas.....		100,000,000				100,000,000
Subtotal, industrial projects.....		200,000,000	50,000,000		50,000,000	200,000,000
For public facilities.....		100,000,000				100,000,000
Total, loans.....		300,000,000	50,000,000		50,000,000	300,000,000
Grants and payments:						
For public facilities.....				\$75,000,000		75,000,000
For technical assistance ¹			3,000,000	4,500,000	3,000,000	4,500,000
Retraining subsistence payments ¹				10,000,000		10,000,000
Total, grants and payments.....			3,000,000	89,500,000	3,000,000	89,500,000
Grand total.....		300,000,000	53,000,000	89,500,000	53,000,000	389,500,000

¹ Authorizations for annual appropriations in the amounts shown.

² Exclusive of administrative and other cost which would require additional appropriations annually.

Mr. DOUGLAS. Mr. President, in the interest of saving time I ask unanimous consent that a summarizing statement I had intended to make on Senate bill 722, be printed in the RECORD prior to the final vote.

There being no objection, the statement was ordered printed in the RECORD, as follows:

STATEMENT BY SENATOR DOUGLAS ON S. 722

I should like to make a few final remarks before the rollcall on final passage of S. 722, the area redevelopment bill.

3. Set up new loan program in another separate revolving fund for purchase, construction, rehabilitation, etc., of public facilities, which are unlimited in the absence of a definition in the bill.

4. Set up new grant program for planning, construction, rehabilitation, etc., of public facilities.

5. Direct the Administrator to promote and encourage participation in the program by providing information and assistance to any interested parties.

6. Authorize \$4½ million annually for technical assistance to designated areas, including studies, evaluations, etc., either directly or under outside contracts.

7. Broaden the urban renewal program to allow areas covered by the bill to get and use urban renewal money.

8. Authorize new vocational training and retraining program in the Department of Health, Education, and Welfare.

9. Provide grants to States by the Secretary of Labor for subsistence payments to individuals being trained or retrained. Payments would be made to individuals not receiving unemployment compensation, and would be for a 16-week period.

10. Make provisions of the Davis-Bacon Act applicable to all construction under the bill.

11. According to the committee report, implement the so-called Full Employment Act.

12. Make adverse effect on an industry resulting from Trade Agreements Act the basis for high priority consideration under the program.

The following table shows area assistance funds provided under S. 722, as reported by the Senate Banking and Currency Committee, compared with the administration requests:

AREA REDEVELOPMENT PROGRAM NEEDED NOW

There are many areas in the United States which have fallen prey to substantial and extended unemployment and underemployment, a condition which has existed for some time. These areas have been especially hard hit during recessions and, even during periods of recovery, they have often remained in a depressed state. This has caused hardship to many families and is a waste of vital resources. S. 722 would help these distressed areas with a program of self-help.

S. 722 would help those depressed areas which have sound economic potential, to strive more effectively for recovery. The

areas, industries, and individuals in these areas should thus be able to achieve lasting improvements and create new employment opportunities.

Continued over a long period, depressed conditions cause disintegration of community physical resources—schools, stores, hospitals, banks, office buildings, homes, churches, and other community services. Moreover, carrying out the purposes of S. 722 would serve to reduce public outlays for unemployment compensation, relief, and various other forms of public assistance.

The needs of the low-income rural areas are also pressing. Rural areas have not shared during recent years in the growth of the country. In many rural counties in the United States, the average per capita income is as little as one-fourth that of the average person in the United States.

Funds provided by S. 722 would represent an investment in increasing productivity. Dollars spent to promote production by otherwise idle or inefficiently employed resources do not have the same inflationary effects as those which are spent under conditions of relatively full employment. Indeed, by making possible an increase in productivity in the Nation's distressed areas, the loans by the Federal Government contemplated under S. 722 might actually have anti-inflationary effects.

HOW THE BILL WOULD HELP

S. 722 proposes the establishment of an Area Redevelopment Administration headed by an Administrator appointed by the President with the advice and consent of the Senate. To be eligible for assistance, it would be necessary for areas to qualify under certain criteria and be designated by the administration as a redevelopment area. Two types of areas, industrial and rural, would be involved.

In the case of industrial areas, the Administrator would have the discretionary authority to designate any area with substantial and persistent unemployment over an extended period of time. When an area meets the specific criteria set forth in the bill, it would automatically become eligible for assistance.

The bill would also permit the Administrator to qualify rural areas for assistance in the case of those rural areas which have the largest numbers and percentages of low-income families, persons receiving public assistance, and where substantial and persistent unemployment or underemployment prevails.

Three revolving loan funds of \$100 million each would be created. These would be devoted to loans for (1) industrial areas, (2) rural areas, and (3) public facilities in both industrial and rural areas where such facilities would encourage economic development.

In addition to the three revolving loan funds, the bill provides authorization for appropriations up to \$75 million for grants for public facilities in those areas which cannot repay loans.

An authorization for appropriation of \$4,500,000 a year would permit the Administrator to make technical assistance grants to designated areas.

Upon the request of the Administrator, the Housing and Home Finance Agency would give financial assistance to municipalities in industrial redevelopment areas without regard to the residential requirements in current urban renewal legislation. In addition, urban planning grants would be made available to designated areas having a population of 25,000 or more.

The bill would provide for Federal assistance for vocational training in designated areas which would be furnished through State vocational education agencies where it can provide the facilities and services need-

ed. If this is not possible, such training could be furnished through public or private institutions.

There would also be a fund of \$10 million for the purpose of making subsistence payments to unemployed persons being retrained and not entitled to unemployment compensation.

AREAS AFFECTED

According to the best estimates of the Department of Labor, 112 industrial areas spread over 26 States qualify for the designation of "industrial redevelopment area" under the terms of S. 722.

About 6.3 million workers or roughly a 10th of the total national civilian labor force are located in these areas. However, these same areas account for about 17 percent of total national unemployment. In addition, 12.2 percent of the work force in these 112 areas is unemployed, a rate twice as high as the current national average.

With respect to rural areas, it should be noted that the Department of Agriculture has prepared lists of the 500 counties in the United States with 100 or more commercial farms which have ranked, according to the 1954 Census of Agriculture, lowest in terms of level of living for farm-operating families and the 500 counties in the United States with the highest proportion of the commercial farms having gross sales of farm products of less than \$2,500. A total of 336 counties appeared on both lists. It may be assumed that these areas provide the core of the low-income rural areas which would be eligible for assistance under a comprehensive Federal-assistance program aimed to alleviate underemployment.

REFUTATION ARGUMENTS AGAINST S. 722 IN THE MINORITY REPORT

Let us consider some of the main arguments against S. 722 which appeared in the minority report.

1. Discrimination in favor of a few: The minority report (p. 39) states that "only a very small proportion of the Nation's unemployed would be singled out as eligible for the alleged benefits of the program, and it should be noted that the selection process is based on purely arbitrary criteria." It further points out that the program would focus only on those unemployed in the designated areas which are in excess of 6 percent.

In effect, this says that an unemployed worker is not helped if he lives in an area which does not qualify for help.

This point fails to take into account the fact that an unemployed worker has less chance of a job if he lives in a depressed area. If the unemployment rate is small and of relatively short duration, he has less competition in getting a job than does a worker who lives in an area of high and persistent unemployment. This is one of the main reasons that, for the country as a whole, we become more concerned about unemployment at a high rate than when the rate is low. Dealing with nationwide unemployment requires a broad program. S. 722 is aimed at alleviating local rather than national depressions.

2. Arbitrary criteria: The minority report (p. 40) says that the criteria for area eligibility is arbitrary and unworkable.

Any standards laid down can be called arbitrary. The report asks, Why select 6 percent unemployment as a base? In establishing any standards, we have to draw the line somewhere. We also need to permit discretion on the part of the administrator. An area with 7 percent unemployment may, for a variety of reasons, be in worse shape than an area with a 9-percent rate. That is why discretion is necessary.

As to fixing a minimum rate of 6 percent, this was based on testimony at various hearings held on the measure. We have to draw the line somewhere. Government programs

which establish standards where a so-called arbitrary line has to be drawn are too numerous to list, but I will mention a few examples. The social security work clause stipulates that an annuitant cannot receive payments if he makes more than \$1,200 a year in covered employment. Why not \$1,000 or \$1,400? Many universities require 120 credit hours for graduation. Why not 115 or 125? Most States require that a person be 21 years of age before being able to vote. Why not 20 or 22?

I could go on ad infinitum, but I hope I have shown how ridiculous it is to attack a program as being arbitrary merely because it sets specific standards.

The minority report also states that the program would be unworkable. We have given the administrator criteria for the designation of redevelopment areas. He would have a Cabinet-level advisory committee and a 25-man public advisory committee to help him. The committee report has indicated the congressional intent that the program is to be based on economic soundness. I suppose that we could go on and on with further restrictions and directions, but that would destroy the flexibility of the program. Unfortunately, it is always necessary in the final analysis to assume that a Government administrator will have at least a modicum of commonsense. If not, we have congressional committees with the power to investigate and change laws if the operation of a program proves unsatisfactory.

3. Interference with private market: The minority report states (p. 43) that "the basic defect of the approach of this bill is this: It runs counter to the precepts of what is still essentially a private market mechanism operating within a dynamic and growing economy."

Surely the signers of the minority report are not advocating a return to a strict interpretation of Adams Smith economics. The purpose of S. 722 is to help, to some extent at least, to channel some of our industrial growth into areas of substantial labor surplus. The degree to which this would be an interference in the private economy should certainly be no greater than subsidizing airlines, railroads, the oil industry, shipbuilders, or other groups currently enjoying the Government's largess. Moreover, it is obvious that subsidizing cotton primarily subsidizes agriculture in the South; that subsidizing corn helps the Midwest; that subsidizing wool helps the West. So that even the concept of helping an area is by no means new.

4. Failure to recognize existing programs: The minority report states (p. 45) that "the devices established in the bill * * * are defective in the failure to recognize existing programs, thus causing a duplication of efforts." It cites, as duplication, small offices concerned with development which are existent in the Department of Commerce and the Department of Agriculture. It also cites the Small Business Investment Act.

So far as I am concerned, I would be glad to have whatever minor programs there are in Commerce and Agriculture to be put into the new Area Redevelopment Administration proposed by the bill.

With respect to the Small Business Investment Act, the minority report itself admits that this was designed to fill an "institutional gap" in our economic credit structure; namely, the difficulty in small business enterprises to securing adequate credit. But the SBIA is designed to help small business as such, whether in a depressed area or an area of great prosperity. It is designed to help small business as such.

To the degree that the facilities of the SBIA could be used to create new industry in depressed areas, that would be done since the administrator of the area redevelopment program cannot allocate loans when they

are available from other sources. Moreover, the development of industries in the depressed areas will often involve big business as well as small business.

SUMMARY

The problems which S. 722 is designed to meet have been recognized for several years. The Joint Economic Committee in the 84th Congress called for Federal action to help chronically distressed communities. Later, in its 1955 report, that committee urged that the public works program be speeded up, and that loans and technical assistance be extended to help these distressed communities to improve their economic conditions.

Also in 1955, the Joint Economic Committee made a careful study of low-income families in the United States under the direction of Senator SPARKMAN and called attention to the persistence of low income in various rural areas in the country, as well as the problems of depressed industrial areas. The committee urged a Federal program to combat the basic causes of economic distress both in depressed industrial areas and in low income regions.

In 1956, the committee reiterated its conclusion that a Federal depressed areas program was needed, and the majority of the committee endorsed a comprehensive program which was embodied in a bill which I introduced, S. 2663, 84th Congress. That bill was the subject of long hearings by the Committee on Labor and Public Welfare. It was passed by the Senate during the last days of the session, but the House did not have time to act upon it before the 84th Congress adjourned.

Both major parties called for Federal legislation to aid economically depressed areas in their respective 1956 platforms.

In the 85th Congress, along with 39 cosponsors, I introduced S. 3683, which was referred to the Senate Banking Committee. This bill, with modifications, was passed by Congress last year, but did not become law because of a Presidential pocket veto.

Again in the 86th Congress, I introduced, with 38 cosponsors, similar legislation in the bill S. 722. This bill was the subject of committee hearings. The committee has now reported S. 722 with amendments. This is the bill now before us for a vote.

The area redevelopment bill now before us would help to reduce unemployment and poverty where it is the worst. It is not a program designed to cure great industrial depressions nor seasonal unemployment. But it would reduce the persistent and deep pockets of unemployed and hence decrease so-called structural unemployment, which general monetary and fiscal policy cannot reach.

I hope from the bottom of my heart that we can get legislation in the very near future. In this way, we shall have ample opportunity to consider the measure again if the President should veto it for a second time.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, if the Senator from Illinois [Mr. DIRKSEN] will yield back the remainder of his time, I will yield back the remainder of my time.

Mr. DIRKSEN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on the passage of the bill. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Arkansas [Mr. Ful-

BRIGHT] and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from Washington [Mr. MAGNUSON] is absent because of illness.

I further announce that, if present and voting, the Senator from Georgia [Mr. RUSSELL] would vote "nay."

On this vote, the Senator from Arkansas [Mr. FULBRIGHT] is paired with the Senator from Washington [Mr. MAGNUSON].

If present and voting, the Senator from Arkansas would vote "nay," and the Senator from Washington would vote "yea."

The result was announced—yeas 49, nays 46, not voting 3, as follows:

YEAS—49

Anderson	Hart	Morse
Bartlett	Hartke	Moss
Beall	Hayden	Murray
Bible	Hennings	Muskie
Byrd, W. Va.	Hill	Neuberger
Cannon	Humphrey	O'Mahoney
Carroll	Jackson	Pastore
Chavez	Johnson, Tex.	Proxmire
Church	Kefauver	Randolph
Clark	Kennedy	Smith
Cooper	Kerr	Sparkman
Dodd	Langer	Symington
Douglas	Mansfield	Williams, N.J.
Engle	McCarthy	Yarborough
Gore	McGee	Young, Ohio
Green	McNamara	
Gruening	Monroney	

NAYS—46

Aiken	Ellender	Morton
Allott	Ervin	Mundt
Bennett	Frear	Prouty
Bridges	Goldwater	Robertson
Bush	Hickenlooper	Saltonstall
Butler	Holland	Schoeppel
Byrd, Va.	Hruska	Scott
Capehart	Javits	Smithers
Carlson	Johnston, S.C.	Stennis
Case, N.J.	Jordan	Talmadge
Case, S. Dak.	Keating	Thurmond
Cotton	Kuchel	Wiley
Curtis	Lausche	Williams, Del.
Dirksen	Long	Young, N. Dak.
Dworshak	Martin	
Eastland	McClellan	

NOT VOTING—3

Fulbright	Magnuson	Russell
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So the bill (S. 722) was passed.

Mr. DOUGLAS. Mr. President, I move that the vote by which the bill has been passed be reconsidered.

Mr. SPARKMAN. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

LEVYING AND COLLECTION OF TAXES AND ASSESSMENTS

Mr. DOUGLAS. Mr. President, I move that the Senate proceed to the consideration of Senate bill 643, to amend the act entitled "An act relating to the levying and collecting of taxes and assessments, and for other purposes," approved June 25, 1938.

My purpose in making the motion is to have the bill made the unfinished business.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois.

The motion was agreed to; and the Senate proceeded to consider the bill

(S. 643) to amend the act entitled "An act relating to the levying and collecting of taxes and assessments, and for other purposes," approved June 25, 1938.

FISCAL SOUNDNESS

Mr. THURMOND. Mr. President, on March 17, 1959, the distinguished senior Senator from Virginia [Mr. BYRD] delivered a very timely and able address before the National Taxpayers Conference at the Sheraton Park Hotel in Washington, D.C. In his address this great fiscal expert and chairman of the Finance Committee has issued a solemn warning to all American taxpayers that they must demand a return to fiscal sanity by our Government if we are to survive as a nation. The importance of the distinguished Senator's address is pointed up by the following two sentences which appear on page 1:

With fiscal soundness I would have no fear for the future—economically or militarily. Without it there will be neither solid economic progress nor security with military preparedness.

This address has received favorable attention in two columns in the Washington Evening Star of March 19 and 20, 1959. The distinguished columnist and magazine editor, Mr. David Lawrence, refers to Senator BYRD's plea for a balanced budget as "significant news." Another distinguished writer, Mr. Gould Lincoln, winds up his favorable comments with this paragraph, which I heartily endorse:

The Senator's voice has been raised against huge Government spending—deficit spending—for more than a quarter of a century. With the Federal debt approaching the \$300 billion mark, it is time the people and the Government should listen.

I wish, Mr. President, that—contrary to what some may have wished once upon a time—we had more HARRY BYRDS in the Senate.

Mr. President, I ask unanimous consent to have printed in the RECORD following these remarks, this excellent address, and the columns by Messrs. Lawrence and Lincoln, previously referred to.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ADDRESS DELIVERED BY SENATOR HARRY F. BYRD, DEMOCRAT, OF VIRGINIA, BEFORE THE NATIONAL TAXPAYERS CONFERENCE, SHERATON-PARK HOTEL, WASHINGTON, D.C., 8 P.M., TUESDAY, MARCH 17, 1959

Development of our great resources through free enterprise democracy is the source of this Nation's strength. With atomic energy, rocketry, etc., we are entering a new era. Our population is increasing. We have unduly exploited our resources, but they are still tremendous. Our productive know-how and capacity are yet unsurpassed. These are elements on which free enterprise democracy should thrive soundly, and proceed constructively for the good of all mankind.

Our free enterprise democracy is the greatest system the world has ever evolved. But there is one controlling requirement, and this must never be overlooked. The system is based on solvent government and sound money. With fiscal soundness I would have no fear for the future—economically or militarily. Without it there will be neither

86TH CONGRESS
1ST SESSION

S. 722

IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1959

Referred to the Committee on Banking and Currency

AN ACT

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Area Redevelopment
4 Act".

1

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23

24

25 there is hereby established, within the executive branch of

1 the Government, an Area Redevelopment Administration.
2 Such Administration shall be under the direction and control
3 of an Administrator (hereinafter referred to as the "Admin-
4 istrator") who shall be appointed by the President, by and
5 with the advice and consent of the Senate, and shall be
6 compensated at the rate of \$20,000 per annum.

7 ADVISORY BOARD

8 SEC. 4. (a) To advise the Administrator in the per-
9 formance of functions authorized by this Act, there is author-
10 ized to be created an Area Redevelopment Advisory Board
11 (hereinafter referred to as the "Board"), which shall con-
12 sist of the following members, all ex officio: the Administra-
13 tor as Chairman; the Secretaries of Agriculture; Commerce;
14 Defense; Health, Education, and Welfare; Interior; Labor;
15 and Treasury; the Administrators of the General Services
16 Administration; Housing and Home Finance Agency; and
17 Small Business Administration; and the Director of the
18 Office of Defense Mobilization.

19 The Chairman may from time to time invite the partici-
20 pation of officials of other agencies of the executive branch
21 interested in the functions herein authorized. Each member
22 of the Board may designate an officer of his agency to act
23 for him as a member of the Board with respect to any
24 matter there considered.

25 (b) The Administrator shall appoint a National Public

1 Advisory Committee on Area Redevelopment which shall
2 consist of twenty-five members and shall be composed of
3 representatives of labor, management, agriculture, and the
4 public in general. From the members appointed to such
5 Committee the Administrator shall designate a Chairman.
6 Such Committee, or any duly established subcommittee
7 thereof, shall from time to time make recommendations to
8 the Administrator relative to the carrying out of his duties
9 under this Act. Such Committee shall hold not less than
10 two meetings during each calendar year.

11 (c) The Administrator is authorized from time to time
12 to call together and confer with representatives of the vari-
13 ous parties in interest from any industry, including agricul-
14 ture, which has been a primary source of high levels of
15 unemployment or underemployment in the several areas
16 designated by the Administrator as redevelopment areas.
17 The Administrator may also call upon representatives of
18 interested governmental departments and agencies, together
19 with representatives of transportation and other industries, to
20 participate in any conference convened under authority of
21 this subsection whenever he determines that such participa-
22 tion would contribute to a solution of the problems creating
23 such unemployment or underemployment. The representa-
24 tives at any such conference shall consider with and may
25 recommend to the Administrator plans and programs to

1 further the objectives of this Act with special reference to
2 the industry with respect to which the conference was
3 convened.

4 REDEVELOPMENT AREAS

5 SEC. 5. (a) The Administrator shall designate as “in-
6 dustrial redevelopment areas” those industrial areas within
7 the United States in which he determines that there has
8 existed substantial and persistent unemployment for an ex-
9 tended period of time. There shall be included among the
10 areas so designated any industrial area—

11 (1) where the rate of unemployment, excluding un-
12 employment due primarily to temporary or seasonal
13 factors, is currently 6 per centum or more and has
14 averaged at least 6 per centum for the qualifying time
15 periods specified in subparagraph (2) below; and

16 (2) where the annual average rate of unemploy-
17 ment has been at least—

18 (A) 50 per centum above the national average
19 for three of the preceding four calendar years, or

20 (B) 75 per centum above the national average
21 for two of the preceding three calendar years, or

22 (C) 100 per centum above the national average
23 for one of the preceding two years.

24 Any industrial area in which a substantial part of the em-
25 ployment is or most recently was in an industry adversely

1 affected by the reduction of trade barriers under the Trade
2 Agreements Extension Act of 1951, as amended, with
3 respect to which the President has reported to the
4 Administrator under subsection (f) of this section, and
5 meeting the standards of unemployment set forth in this sec-
6 tion shall be entitled on application to a priority of consider-
7 ation by the Administrator for designation as an industrial
8 redevelopment area.

9 (b) The Administrator shall also designate as "rural
10 redevelopment areas" those rural areas within the United
11 States which he determines are among the highest in num-
12 bers and percentages of low-income families, and in which
13 there exists a condition of substantial and persistent unem-
14 ployment or underemployment. In making the designations
15 under this subsection, the Administrator shall consider, among
16 other relevant factors, the number of low-income farm families
17 in the various rural areas of the United States, the proportion
18 that such low-income families are to the total farm families of
19 each of such areas, the relationship of the income levels of
20 the families in each such area to the general levels of income
21 in the United States, the current and prospective employ-
22 ment opportunities in each such area, the availability of
23 manpower in each such area for supplemental employment,
24 and the proportion of the population of each such area which
25 has been receiving public assistance from the Federal Gov-

1 ernment and/or from the State or States in which such
2 area is located or from any municipality therein.

3 (c) In making the determinations provided for in this
4 section, the Administrator shall be guided, but not conclu-
5 sively governed, by pertinent studies made, and information
6 and data collected or compiled, by (1) departments, agen-
7 cies, and instrumentalities of the Federal Government, (2)
8 State and local governments, (3) universities and land-grant
9 colleges, and (4) private organizations.

10 (d) Upon the request of the Administrator, the Secre-
11 tary of Labor, the Secretary of Agriculture, and the
12 Secretary of Commerce are respectively authorized to
13 conduct such special studies, obtain such information, and
14 compile and furnish to the Administrator such data as the
15 Administrator may deem necessary or proper to enable him
16 to make the determinations provided for in this section. The
17 Administrator shall reimburse, out of any funds appropriated
18 to carry out the purposes of this Act, the foregoing officers
19 for any expenditures incurred by them under this section.

20 (e) As used in this Act, the term "redevelopment area"
21 refers to any area within the United States which has been
22 designated by the Administrator as an industrial redevel-
23 opment area or a rural redevelopment area, and may include
24 one or more counties, or one or more municipalities, or a
25 part of a county or municipality.

(f) In any case in which the President is required (1) under the provisions of subsection 4 (a) of the Trade Agreements Extension Act of 1951 to transmit a message to the Congress identifying an article with respect to which a trade agreement has caused or threatened to cause serious injury to a domestic industry, or (2) under the provisions of subsection 7 (c) of such Act to submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate stating why he has not made such adjustments in the rates of duties, imposed such quotas, or made such other modifications, as are found and reported by the United States Tariff Commission to be necessary to prevent or remedy serious injury to a domestic industry, he shall notify the Administrator and shall send him a copy of such message or report.

LOANS AND PARTICIPATIONS

SEC. 6. (a) The Administrator is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including machinery and equipment) for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied factory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use.

1 Such financial assistance shall not be extended for working
2 capital, or to assist establishments relocating from one area
3 to another when such assistance will result in substantial
4 detriment to the area of original location by increasing
5 unemployment.

6 (b) Financial assistance under this section shall be on
7 such terms and conditions as the Administrator determines,
8 subject, however, to the following restrictions and limi-
9 tations:

10 (1) The total amount of loans and loan participations
11 (including purchased evidences of indebtedness) outstanding
12 at any one time under this section (A) with respect to
13 projects in industrial redevelopment areas shall not exceed
14 \$100,000,000, and (B) with respect to projects in rural
15 redevelopment areas shall not exceed \$100,000,000;

16 (2) Except as provided in subsection (c), such assist-
17 ance shall be extended only to applicants, both private and
18 public (including Indian tribes), which have been approved
19 for such assistance by an agency or instrumentality of the
20 State or political subdivision thereof in which the project to
21 be financed is located, and which agency or instrumentality
22 is directly concerned with problems of economic develop-
23 ment in such State or subdivision;

24 (3) The project for which financial assistance is sought

1 is reasonably calculated to provide more than a temporary
2 alleviation of unemployment or underemployment within the
3 redevelopment area wherein it is, or will be, located;

4 (4) No such assistance shall be extended hereunder
5 unless the financial assistance applied for is not otherwise
6 available from private lenders or other Federal agencies on
7 reasonable terms;

8 (5) No loans shall be made unless it is determined that
9 an immediate participation is not available;

10 (6) No evidences of indebtedness shall be purchased
11 and no loans shall be made unless it is determined that there
12 is a reasonable assurance of repayment;

13 (7) Subject to section 12 (5) of this Act, no loan,
14 including renewals or extension thereof, may be made
15 hereunder for a period exceeding thirty years and no
16 evidences of indebtedness maturing more than thirty
17 years from date of purchase may be purchased hereunder:
18 *Provided*, That the foregoing restrictions on maturities
19 shall not apply to securities or obligations received by the
20 Administrator as a claimant in bankruptcy or equitable re-
21 organization or as a creditor in other proceedings attendant
22 upon insolvency of the obligor, or if extension or renewal
23 for additional periods, not to exceed, however, a total of ten

1 years, will aid in the orderly liquidation of such loan or of
2 such evidence of indebtedness;

3 (8) Such loans shall bear interest at a rate equal to the
4 rate of interest paid by the Administrator on funds obtained
5 from the Secretary of the Treasury as provided in section 9
6 of this Act, plus one-half of 1 per centum per annum: *Pro-*
7 *vided*, That an amount equal to one-fourth of 1 per centum
8 per annum of the outstanding principal amount of any loan
9 made under this section shall be allocated from the pay-
10 ments received by the Administrator in the form of interest
11 on such loan to a sinking fund to cover losses on loans under
12 this section;

13 (9) Such assistance shall not exceed 65 per centum of
14 the aggregate cost to the applicant (excluding all other Fed-
15 eral aid in connection with the undertaking) of acquiring or
16 developing land and facilities (including machinery and
17 equipment), and of constructing, altering, converting, re-
18 habilitating, or enlarging the building or buildings of the
19 particular project and shall, among others, be on the
20 following conditions:

21 (A) That other funds are available in an amount which,
22 together with the assistance provided hereunder, shall be
23 sufficient to pay such aggregate cost;

1 (B) That not less than 10 per centum of such aggregate
2 cost be supplied by the State or any agency, instrumentality,
3 or political subdivision thereof, or by a community or area
4 organization which is nongovernmental in character, as
5 equity capital or as a loan;

6 (C) That in extending financial assistance under this
7 section with respect to an industrial or rural redevelopment
8 area, the Administrator shall require that not less than 5 per
9 centum of the aggregate cost of the project for which such
10 loan is made shall be supplied by nongovernmental sources;

11 (D) That any Federal financial assistance extended
12 under this section in connection with a particular project
13 shall be repayable only after other loans made in connection
14 with such project and in accordance with this section have
15 been repaid in full. If any Federal financial assistance
16 extended under this section is secured, its security shall be
17 subordinate and inferior to the lien or liens securing other
18 loans made in connection with the same project.

19 (10) No such assistance shall be extended unless there
20 shall be submitted to and approved by the Administrator an
21 overall program for the economic development of the area
22 and a finding by the State, or any agency, instrumentality,
23 or local political subdivision thereof, that the project for
24 which financial assistance is sought is consistent with such
25 program: *Provided*, That nothing in this Act shall authorize

1 financial assistance for any project prohibited by laws of
2 the State or local political subdivision in which the project
3 would be located.

4 (c) If there is no agency or instrumentality in any
5 State, or political subdivision thereof, qualified to approve
6 applicants for assistance under this section as provided in
7 paragraph (2) of subsection (b), the Administrator shall,
8 upon determining that any area in such State is a redevelop-
9 ment area, appoint a local redevelopment committee (here-
10 inafter referred to as a "local committee") to be composed
11 of not less than seven residents of such area who, as nearly
12 as possible, are representative of labor, commercial, indus-
13 trial, and agricultural groups, and of the residents generally
14 of such area. In appointing any such local committee, the
15 Administrator may include therein members of any existing
16 local redevelopment committees. Financial assistance under
17 this section in connection with projects located in a rede-
18 velopment area, for which a local committee has been ap-
19 pointed under this section, shall be extended only to appli-
20 cants, both private and public (including Indian tribes),
21 which have been approved by such local committee.

22 (d) Of the funds authorized to be raised under section 9
23 of this Act, not more than \$100,000,000 shall be deposited
24 in a revolving fund which shall be used for the purpose of
25 making loans under this section with respect to projects in

1 industrial redevelopment areas, and not more than \$100,000,-
2 000 shall be deposited in a revolving fund which shall be
3 used for the purpose of making loans under this section with
4 respect to projects in rural redevelopment areas.

5 LOANS FOR PUBLIC FACILITIES

6 SEC. 7. (a) Upon the application of any State, or polit-
7 ical subdivision thereof, Indian tribe, or private or public
8 organization or association representing any redevelopment
9 area or part thereof, the Administrator is authorized to make
10 loans to assist in financing the purchase or development of
11 land for public facility usage, and the construction, rehabili-
12 tation, alteration, expansion, or improvement of public facili-
13 ties within any redevelopment area, if he finds that—

14 (1) the project for which financial assistance is
15 sought will provide more than a temporary alleviation
16 of unemployment or underemployment in the redevel-
17 opment area wherein such project is, or will be, located,
18 and will tend to improve the opportunities in such area
19 for the successful establishment or expansion of indus-
20 trial or commercial plants or facilities;

21 (2) the funds requested for such project are not
22 otherwise available on reasonable terms;

23 (3) the amount of the loan plus the amount of other
24 available funds for such projects are adequate to insure
25 the completion thereof; and

1 (4) there is a reasonable expectation of repayment.

2 (b) No loan under this section shall be for an amount
3 in excess of 65 per centum of the aggregate cost of the proj-
4 ect for which such loan is made. Subject to section 12 (5),
5 the maturity date of any such loan shall be not later than
6 forty years after the date such loan is made. Any such loan
7 shall bear interest at a rate equal to the rate of interest paid
8 by the Administrator on funds obtained from the Secretary
9 of the Treasury as provided in section 9 of this Act, plus
10 one-quarter of 1 per centum per annum.

11 (c) In making any loan under this section, the Ad-
12 ministrator shall require that not less than 10 per centum of
13 the aggregate cost of the project for which such loan is made
14 shall be supplied by the State (including any political sub-
15 division thereof) within which such project is to be located
16 as equity capital, or as a loan. In determining the amount
17 of participation required under this subsection with respect
18 to any particular project, the Administrator shall give con-
19 sideration to the financial condition of the State or local
20 government, and to the per capita income of the residents
21 of the redevelopment area, within which such project is to
22 be located.

23 (d) Any loan made under this section in connection
24 with a particular project shall be repayable only after other
25 loans made in connection with such project and in accord-

1 ance with this section have been repaid in full. If any loan
2 made under this section is secured, its security shall be
3 subordinate and inferior to the lien or liens securing other
4 loans made in connection with the same project.

5 (e) No financial assistance shall be extended under this
6 section with respect to any public facility which would com-
7 pete with an existing privately owned public utility rendering
8 a service to the public at rates or charges subject to regula-
9 tion by a State regulatory body, unless the State regulatory
10 body determines that in the area to be served by the public
11 facility for which the financial assistance is to be extended
12 there is a need for an increase in such service (taking into
13 consideration reasonably foreseeable future needs) which the
14 existing public utility is not able to meet through its existing
15 facilities or through an expansion which it is prepared to
16 undertake.

17 (f) Of the funds authorized to be raised under sec-
18 tion 9 of this Act, not more than \$100,000,000 shall be
19 deposited in a revolving fund which shall be used for the
20 purpose of making loans under this section.

21 GRANTS FOR PUBLIC FACILITIES

22 SEC. 8. (a) The Administrator may conduct studies of
23 needs in the various redevelopment areas throughout the
24 United States for, and the probable cost of, land acquisition
25 or development for public facility usage, and the construction,

1 rehabilitation, alteration, expansion, or improvement of use-
2 ful public facilities within such areas, and may receive pro-
3 posals from any State, or political subdivision thereof, In-
4 dian tribe, or private or public organization or association
5 representing any redevelopment area, or part thereof, relating
6 to land acquisition or development for public facility usage,
7 and the construction, rehabilitation, alteration, expansion,
8 or improvement of public facilities within any such area.
9 Any such proposal shall contain plans showing the project
10 proposed to be undertaken, the cost thereof, and the con-
11 tributions proposed to be made to such cost by the entity
12 making the proposal. The Administrator, in consultation
13 with such entity, is authorized to modify all or any part of
14 such proposal.

15 (b) The Administrator, pursuant to a proposal received
16 by him under this section, may make grants to any State, or
17 political subdivision thereof, Indian tribe, or private or public
18 organization or association representing any redevelopment
19 area, or part thereof, for land acquisition or development for
20 public facility usage, and the construction, rehabilitation,
21 alteration, expansion, or improvement of public facilities
22 within a redevelopment area, if he finds that—

23 (1) the project for which financial assistance is
24 sought will provide more than a temporary alleviation

1 of unemployment or underemployment in the redevelop-
2 ment area wherein such project is, or will be, located,
3 and will tend to improve the opportunities in such area
4 for the successful establishment or expansion of industrial
5 or commercial plants or facilities;

6 (2) the entity requesting the grant proposes to
7 contribute to the cost of the project for which such grant
8 is requested in proportion to its ability so to contribute;
9 and

10 (3) the project for which a grant is requested will
11 fulfill a pressing need of the area, or part thereof, in
12 which it is, or will be, located, and there is little proba-
13 bility that such project can be undertaken without the
14 assistance of a grant under this section.

15 The amount of any grant under this section for any such
16 project shall not exceed the difference between the funds
17 which can be practicably obtained from other sources (in-
18 cluding a loan under section 7 of this Act) for such project,
19 and the amount which is necessary to insure the completion
20 thereof.

21 (c) The Administrator shall by regulation provide for
22 the supervision of carrying out of projects with respect to
23 which grants are made under this section so as to insure that
24 Federal funds are not wasted or dissipated.

25 (d) No financial assistance shall be extended under

1 this section with respect to any public facility which would
2 compete with an existing privately owned public utility
3 rendering a service to the public at rates or charges subject
4 to regulation by a State regulatory body, unless the State
5 regulatory body determines that in the area to be served
6 by the public facility for which the financial assistance is to
7 be extended there is a need for an increase in such service
8 (taking into consideration reasonably foreseeable future
9 needs) which the existing public utility is not able to meet
10 through its existing facilities or through an expansion which
11 it is prepared to undertake.

12 (e) There is hereby authorized to be appropriated
13 not to exceed \$75,000,000 for the purpose of making grants
14 under this section.

15 FUNDS FOR LOANS

16 SEC. 9. To obtain funds for loans under this Act, the
17 Administrator may, with the approval of the President, issue
18 and have outstanding at any one time notes and obligations
19 for purchase by the Secretary of the Treasury in an amount
20 not to exceed \$300,000,000. Such notes or other obliga-
21 tions shall be in such forms and denominations, have such
22 maturities, and be subject to such terms and conditions as
23 may be prescribed by the Administrator with the approval of
24 the Secretary of the Treasury, and shall bear interest at a
25 rate determined by the Secretary of the Treasury, but such

1 rate shall not be greater than the current average yields on
2 outstanding marketable obligations of the United States of
3 comparable maturities as of the last day of the month pre-
4 ceding the issuance of such notes or other obligations. The
5 Secretary of the Treasury is authorized and directed to pur-
6 chase any notes and other obligations issued under this sec-
7 tion and for such purpose is authorized to use as a public
8 debt transaction the proceeds from the sale of any securities
9 issued under the Second Liberty Bond Act, as amended, and
10 the purposes for which securities may be issued under such
11 Act are extended to include any purchases of such notes and
12 other obligations. The Secretary of the Treasury may at
13 any time sell any of the notes or other obligations acquired
14 by him under this section. All redemptions, purchases, and
15 sales by the Secretary of the Treasury of such notes or other
16 obligations shall be treated in every respect as public debt
17 transactions of the United States.

18

INFORMATION

19 SEC. 10. The Administrator shall aid redevelopment
20 areas by furnishing to interested individuals, communities,
21 industries, and enterprises within such areas any assistance,
22 technical information, market research, or other forms of as-
23 sistance, information, or advice which are obtainable from the
24 various departments, agencies, and instrumentalities of the
25 Federal Government and which would be useful in alleviat-

1 ing conditions of excessive unemployment or underemploy-
2 ment within such areas. The Administrator shall furnish the
3 procurement divisions of the various departments, agencies,
4 and other instrumentalities of the Federal Government with
5 a list containing the names and addresses of business firms
6 which are located in redevelopment areas and which are
7 desirous of obtaining Government contracts for the furnish-
8 ing of supplies or services, and designating the supplies and
9 services such firms are engaged in providing.

10 TECHNICAL ASSISTANCE

11 SEC. 11. In carrying out his duties under this Act, the
12 Administrator is authorized to provide technical assistance to
13 areas which he has designated as redevelopment areas under
14 this Act. Such assistance shall include studies evaluating
15 the needs of, and developing potentialities for, economic
16 growth of such areas. Such assistance may be provided by
17 the Administrator through members of his staff or through
18 the employment of private individuals, partnerships, firms,
19 corporations, or suitable institutions, under contracts en-
20 tered into for such purpose. Appropriations are hereby
21 authorized for the purposes of this section in an amount not
22 to exceed \$4,500,000 annually.

23 POWERS OF ADMINISTRATOR

24 SEC. 12. In performing his duties under this Act, the
25 Administrator is authorized to—

1 (1) adopt, alter, and use a seal, which shall be ju-
2 dicially noticed; and subject to the civil service and
3 classification laws, select, employ, appoint, and fix the
4 compensation of such officers, employees, attorneys, and
5 agents as shall be necessary to carry out the provisions
6 of this Act, and define their authority and duties, pro-
7 vide bonds for them in such amounts as the Adminis-
8 trator shall determine, and pay the costs of qualification
9 of certain of them as notaries public;

10 (2) hold such hearings, sit and act at such times
11 and places, and take such testimony, as he may deem
12 advisable;

13 (3) request directly from any executive depart-
14 ment, bureau, agency, board, commission, office, inde-
15 pendent establishment, or instrumentality information,
16 suggestions, estimates, and statistics needed to carry out
17 the purposes of this Act; and each department, bureau,
18 agency, board, commission, office, establishment, or in-
19 strumentality is authorized to furnish such information,
20 suggestions, estimates, and statistics directly to the Ad-
21 ministrators;

22 (4) under regulations prescribed by him, assign
23 or sell at public or private sale, or otherwise dispose of
24 for cash or credit, in his discretion and upon such terms
25 and conditions and for such consideration as he shall

determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this Act, and collect or compromise all obligations assigned to or held by him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made under this Act, beyond the periods stated in such loan or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with the payment of loans made under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made under this Act. This shall include authority to obtain de-

1 ficiency judgments or otherwise in the case of mort-
2 gages assigned to the Administrator. Section 3709 of
3 the Revised Statutes, as amended (41 U.S.C. 5),
4 shall not apply to any contract of hazard insurance or
5 to any purchase or contract for services or supplies on
6 account of property obtained by the Administrator as a
7 result of loans made under this Act if the premium there-
8 for or the amount thereof does not exceed \$1,000. The
9 power to convey and to execute, in the name of the
10 Administrator, deeds of conveyance, deeds of release,
11 assignments and satisfactions of mortgages, and any
12 other written instrument relating to real or personal
13 property or any interest therein acquired by the Admin-
14 istrator pursuant to the provisions of this Act may be
15 exercised by the Administrator or by any officer or agent
16 appointed by him for that purpose without the execution
17 of any express delegation of power or power of attorney;

18 (8) acquire, in any lawful manner, any property
19 (real, personal, or mixed, tangible or intangible), when-
20 ever deemed necessary or appropriate to the conduct of
21 the activities authorized in sections 6 and 7 of this Act;

22 (9) in addition to any powers, functions, privileges,
23 and immunities otherwise vested in him, take any and
24 all actions, including the procurement of the services of
25 attorneys by contract, determined by him to be neces-

sary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made under this Act;

(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classifications laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses; and

(11) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 13. Whenever the Administrator shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such

1 an extent that such area is no longer eligible for such desig-
 2 nation under section 5 of this Act, no further assistance shall
 3 be granted under this Act with respect to such area and,
 4 for the purposes of this Act, such area shall not be considered
 5 a redevelopment area: *Provided*, That nothing contained
 6 herein shall (1) prevent any such area from again being
 7 designated a redevelopment area under section 5 of this Act
 8 if the Administrator determines it to be eligible under such
 9 section, or (2) affect the validity of any contracts or under-
 10 takings with respect to such area which were entered into
 11 pursuant to this Act prior to a determination by the Admin-
 12 istrator that such area no longer qualifies as a redevelop-
 13 ment area. The Administrator shall keep the departments
 14 and agencies of the Federal Government, and interested
 15 State or local agencies, advised at all times of any changes
 16 made hereunder with respect to the designation of any area.

17 URBAN RENEWAL

18 SEC. 14. (a) Title I of the Housing Act of 1949, as
 19 amended, is amended by adding at the end thereof the
 20 following new section:

21 "INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA

22 REDEVELOPMENT ACT

23 "SEC. 112. (a) When the Area Redevelopment Admin-
 24 istrator certifies to the Administrator (1) that any county,
 25 city, or other municipality (in this section referred to as a

1 'municipality') is situated in an area designated under sec-
2 tion 5 (a) of the Area Redevelopment Act as an industrial
3 redevelopment area, and (2) that there is a reasonable
4 probability that with assistance provided under such Act and
5 other undertakings the area will be able to achieve more than
6 temporary improvement in its economic development, the
7 Administrator is authorized to provide financial assistance to
8 a local public agency in any such municipality under this
9 title and the provisions of this section.

10 “(b) The Administrator may provide such financial
11 assistance under this section without regard to the require-
12 ments or limitations of section 110 (c) that the project area
13 be clearly predominantly residential in character or that it
14 be redeveloped for predominantly residential uses; but no
15 such assistance shall be provided in any area if such Admin-
16 istrator determines that it will assist in relocating business
17 operations from one area to another when such assistance
18 will result in substantial detriment to the area of original
19 location by increasing unemployment.

20 “(c) Financial assistance under this section may be
21 provided for any project involving a project area including
22 primarily industrial or commercial structures suitable for
23 rehabilitation under the urban renewal plan for the area.

24 “(d) Notwithstanding any other provision of this title,
25 a contract for financial assistance under this section may

1 include provisions permitting the disposition of any land in
2 the project area designated under the urban renewal plan
3 for industrial or commercial uses to any public agency or
4 nonprofit corporation for subsequent disposition as promptly
5 as practicable by such public agency or corporation for the
6 redevelopment of the land in accordance with the urban re-
7 newal plan: *Provided*, That any disposition of such land
8 under this section shall be made at not less than its fair
9 value for uses in accordance with the urban renewal plan:
10 *And provided further*, That the purchasers from or lessees
11 of such public agency or corporation, and their assignees,
12 shall be required to assume the obligations imposed under
13 section 105 (b).

14 “(e) Following the execution of any contract for finan-
15 cial assistance under this section with respect to any project,
16 the Administrator may exercise the authority vested in him
17 under this section for the completion of such project, not-
18 withstanding any determination made after the execution of
19 such contract that the area in which the project is located
20 may no longer be an industrial redevelopment area under
21 the Area Redevelopment Act.”

22 (b) The next to the last paragraph of section 110 (c)
23 of such Act is amended by inserting after “such projects”
24 the following: “(including projects assisted under section
25 112 of this title) ”.

URBAN PLANNING GRANTS

SEC. 15. The second sentence of section 701 of the Housing Act of 1954 is amended by adding the following in clause (2) after the words "decennial census which":

"(i) are situated in areas designated by the Area Redevelopment Administrator under section 5(a) of the Area Redevelopment Act as industrial redevelopment areas, or (ii)".

VOCATIONAL TRAINING

SEC. 16. (a) The Secretary of Labor, in consultation with the Administrator, shall determine the vocational training or retraining needs of unemployed individuals residing in, or who were last employed in, redevelopment areas and shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(b) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the vocational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, shall provide assistance, including financial assistance when necessary, to the

1 appropriate State vocational educational agency in the pro-
2 vision of such additional facilities or services. If the Secre-
3 tary of Health, Education, and Welfare finds that the State
4 vocational educational agency is unable to provide the facili-
5 ties and services needed, he may, after consultation with
6 such agency, provide for the same by agreement or contract
7 with public or private educational institutions: *Provided*,
8 That any vocational training or retraining provided under
9 this section shall be designed to enable unemployed in-
10 dividuals to qualify for new employment in the redevelop-
11 ment area in which they reside or were last employed.

12 (c) The Secretary of Labor shall arrange to provide
13 any necessary technical assistance for setting up apprentice-
14 ships, and to promote journeyman and other job training
15 in the area.

16 RETRAINING SUBSISTENCE PAYMENTS

17 SEC. 17. (a) The Secretary of Labor in consultation
18 with the Administrator shall, on behalf of the United States,
19 enter into agreements with States in which redevelopment
20 areas are located, under which the Secretary of Labor shall
21 make payments to such States for the purpose of enabling
22 such States, as agents of the United States, to make weekly
23 retraining payments to unemployed individuals residing
24 within such redevelopment areas who are not entitled to
25 unemployment compensation (either because their unem-

1 ployment compensation benefits have been exhausted or
2 because they were not insured for such compensation) and
3 who have been certified by the Secretary of Labor to be
4 undergoing vocational training or retraining under section 16
5 of this Act. Such payments shall be made only during the
6 period the individual is receiving vocational training or re-
7 training under section 16 of this Act, but not in any event to
8 exceed sixteen weeks, and the amounts of such payments
9 shall be equal to the amount of the average weekly unem-
10 ployment compensation payment payable in the State making
11 such payments.

12 (b) The Secretary of Labor and the Administrator
13 shall jointly prescribe such rules and regulations as they may
14 deem necessary to carry out the provisions of this section.

15 (c) There are hereby authorized to be appropriated
16 such sums, not in excess of \$10,000,000, as may be neces-
17 sary to carry out the provisions of this section.

18 PENALTIES

19 SEC. 18. (a) Whoever makes any statement knowing
20 it to be false, or whoever willfully overvalues any security,
21 for the purpose of obtaining for himself or for any applicant
22 any loan, or extension thereof by renewal, deferment of
23 action, or otherwise, or the acceptance, release, or substitution
24 of security therefor, or for the purpose of influencing in any
25 way the action of the Administrator, or for the purpose of

1 obtaining money, property, or anything of value, under this
2 Act, shall be punished by a fine of not more than \$10,000
3 or by imprisonment for not more than five years, or both.

4 (b) Whoever, being connected in any capacity with the
5 Administrator (1) embezzles, abstracts, purloins, or willfully
6 misapplies any moneys, funds, securities, or other things of
7 value, whether belonging to him or pledged or otherwise
8 entrusted to him, or (2) with intent to defraud the Admin-
9 istrator or any other body politic or corporate, or any indi-
10 vidual, or to deceive any officer, auditor, or examiner of the
11 Administration, makes any false entry in any book, report, or
12 statement of or to the Administrator, or without being duly
13 authorized, draws any order or issues, puts forth, or assigns
14 any note, debenture, bond, or other obligation, or draft, bill
15 of exchange, mortgage, judgment, or decree thereof, or (3)
16 with intent to defraud participates, shares, receives directly
17 or indirectly any money, profit, property, or benefit through
18 any transaction, loan, commission, contract, or any other act
19 of the Administrator, or (4) gives any unauthorized infor-
20 mation concerning any future action or plan of the Adminis-
21 trator which might affect the value of securities, or having
22 such knowledge, invests or speculates, directly or indirectly,
23 in the securities or property of any company or corporation
24 receiving loans or other assistance from the Administrator,

1 shall be punished by a fine of not more than \$10,000 or by
2 imprisonment for not more than five years, or both.

3 EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE
4 EMPLOYEES

5 SEC. 19. No loan shall be made by the Administrator
6 under this Act to any business enterprise unless the owners,
7 partners, or officers of such business enterprise (1) certify
8 to the Administrator the names of any attorneys, agents,
9 or other persons engaged by or on behalf of such business
10 enterprise for the purpose of expediting applications made
11 to the Administrator for assistance of any sort, and the fees
12 paid or to be paid to any such person; and (2) execute an
13 agreement binding any such business enterprise for a
14 period of two years after any assistance is rendered by the
15 Administrator to such business enterprise, to refrain from
16 employing, tendering any office or employment to, or retain-
17 ing for professional services, any person who, on the date
18 such assistance or any part thereof was rendered, or within
19 one year prior thereto, shall have served as an officer, attor-
20 ney, agent, or employee of the Administration, occupying a
21 position or engaging in activities which the Administrator
22 shall have determined involve discretion with respect to the
23 granting of assistance under this Act.

RECORD OF APPLICATIONS

2 SEC. 20. The Administrator shall maintain as a perma-
3 nent part of the records of the Administration a list of appli-
4 cations approved, which shall be kept available for public
5 inspection during the regular business hours of the Adminis-
6 tration. The following information shall be posted in such
7 list as soon as each application is approved: (1) the name
8 of the applicant and, in the case of corporate applications,
9 the names of the officers and directors thereof, (2) the
10 amount and duration of the loan for which application is
11 made, (3) the purposes for which the proceeds of the loan
12 are to be used, and (4) a general description of the security
13 offered.

PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

15 SEC. 21. The Administrator shall take such action as
16 may be necessary to insure that all laborers and mechanics
17 employed by contractors or subcontractors on projects under-
18 taken by public applicants assisted under this Act (1) shall
19 be paid wages at rates no less than those prevailing on the
20 same type of work on similar construction in the immediate
21 locality as determined by the Secretary of Labor in accord-
22 ance with the Act of August 30, 1935 (Davis-Bacon Act),
23 and (2) shall be employed not more than forty hours in any
24 one week unless the employee receives wages for his em-

1 ployment in excess of the hours specified above at a rate not
2 less than one and one-half times the regular rate at which
3 he is employed.

4 ANNUAL REPORT

5 SEC. 22. The Administrator shall make a comprehen-
6 sive and detailed annual report to the Congress of his oper-
7 ations under this Act for each fiscal year beginning with the
8 fiscal year ending June 30, 1960. Such report shall be
9 printed, and shall be transmitted to the Congress not later
10 than January 3 of the year following the fiscal year with
11 respect to which such report is made. Such report shall
12 show, among other things, (1) the number and size of Gov-
13 ernment contracts for the furnishing of supplies and services
14 placed with business firms located in redevelopment areas,
15 and (2) the amount and duration of employment resulting
16 from such contracts. Upon the request of the Adminis-
17 trator, the various departments and agencies of the Govern-
18 ment engaged in the procurement of supplies and services
19 shall furnish to the Administrator such information as may
20 be necessary for the purposes of this section.

21 APPROPRIATION

22 SEC. 23. There are hereby authorized to be appropri-
23 ated such sums as may be necessary to carry out the pro-
24 visions of this Act.

1 USE OF OTHER FACILITIES

2 SEC. 24. (a) To avoid duplication of activities and
3 minimize expense in carrying out the provisions of this Act,
4 the Administrator shall, to the extent practicable and with
5 their consent, use the available services and facilities of other
6 agencies and instrumentalities of the Federal Government
7 on a reimbursable basis.

8 (b) Departments and agencies of the Federal Govern-
9 ment shall exercise their powers, duties, and functions in such
10 manner as will assist in carrying out the objectives of this
11 Act. This Act shall be supplemental to any existing au-
12 thority, and nothing herein shall be deemed to be restrictive
13 of any existing powers, duties, and functions of any other
14 department or agency of the Federal Government.

15 RECORDS AND AUDIT

16 SEC. 25. (a) Each recipient of assistance under section
17 6 or 7 of this Act shall keep such records as the Administrator
18 shall prescribe, including records which fully disclose the
19 amount and the disposition by such recipient of the proceeds
20 of such assistance, the total cost of the project or undertaking
21 in connection with which such assistance is given or used,
22 and the amount and nature of that portion of the cost of the
23 project or undertaking supplied by other sources, and such
24 other records as will facilitate an effective audit.

25 (b) The Administrator and the Comptroller General of

1 the United States, or any of their duly authorized repre-
2 sentatives, shall have access for the purpose of audit and
3 examination to any books, documents, papers, and records
4 of the recipient that are pertinent to assistance received under
5 section 6 or 7 of this Act.

Passed the Senate March 23, 1959.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

MARCH 24, 1959

Referred to the Committee on Banking and Currency

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of April 15, 1959
86th-1st, No. 56

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HIGHLIGHTS: House passed bill to give REA Administrator authority over all loans. Senate passed bill to authorize rental of cotton acreage allotments. Senate reported bills to: Provide industrial-use research; expand special milk program. House subcommittee voted to report area redevelopment bill. Sen. Symington urged Secretary to submit omnibus farm bill. Senate received nomination of Frank A. Barrett to be member of CCC board. Senate committee reported measure to establish committee to study water resources. Sen. Humphrey urged USDA program to purchase eggs. Sens. Symington and Humphrey introduced and discussed food stamp bill. Rep. Sullivan introduced and discussed bill to provide for regulation of futures trading in coffee.

HOUSE

1. ELECTRIFICATION. Passed, 254 to 131, as reported H. R. 1321, to give the REA Administrator additional authority. Then passed S. 144, a similar Senate bill, without amendment. This bill will now be sent to the President. pp. 5383-401
As finally passed, S. 144 provides that the functions and activities of REA and of the Administrator of REA which were transferred to the Department and to the Secretary by Reorganization Plan No. II of 1939 and Reorganization Plan No. 2 of 1953 are transferred to the REA Administrator, to be exercised and administered within the Department by the Administrator under the general direction and supervision of the Secretary, except that insofar as such functions relate to the approval or disapproval of loans authorized to be made under the Rural Electrification Act of 1936, as amended, their exercise by the Administrator shall not be subject to the supervision or direction of, or to any other

control by, the Secretary.

Rep. Simpson criticized TVA for its awarding of a turbogenerator contract to a British firm and urged that the decision be reversed. pp. 5434-6

2. AREA REDEVELOPMENT. A subcommittee of the Banking and Currency Committee voted to report with amendment to the full committee S. 722, the Douglas area re-development bill. The amendment, in the nature of a substitute, reduces the original \$389.5 million to \$251 million, decreasing from \$100 million to \$75 million the amount of loans available to rural areas. p. 5420
3. FORESTS. The Interior and Insular Affairs Committee reported with amendment H. R. 2497, to add certain lands located in Idaho to the Boise and Payette National Forests (H. Rept. 273). p. 5436
4. MILITARY CONSTRUCTION. The Rules Committee reported a resolution for consideration of H. R. 5674, to authorize certain construction at military installations, including an authorization for use of Public Law 480 and CCC funds. p. 5436
5. RECLAMATION. The Interior and Insular Affairs Committee ordered reported without amendment the following bills: H. R. 1778, to amend section 17 (b) of the Reclamation Act of 1939 to defer payment of certain payments of construction costs by water users; and H. R. 839, to approve certain adjusting, deferring, and canceling of certain irrigation charges against non-Indian owned lands near the Wapato Indian irrigation project, Washington. p. D250
6. WATER POLLUTION. The Public Works Committee ordered reported with amendment H. R. 3610, to amend the Federal Water Pollution Control Act to increase grants for construction of sewage treatment works and to establish the Office of Water Pollution Control. p. D251
7. DAIRY PRODUCTS. The Administration Committee ordered reported a resolution to authorize printing of 5,000 additional copies of a report entitled, "Price Discrimination in the Distribution of Dairy Products." p. D250
8. INTEREST RATES. Rep. Patman criticized Administration monetary policies, particularly "high-interest rate policies." pp. 5421-7
9. MINIMUM WAGES. Rep. Thompson, N. J., urged an increase in the minimum wage, and criticized the Secretary for opposing such an increase. pp. 5415-8
10. LEGISLATIVE PROGRAM. Rep. Albert announced that on Thurs., April 16, H. R. 5674, to authorize certain construction at military installations, including an authorization for use of Public Law 480 and CCC funds, would be programmed and that Rep. Vinson will ask for a rolleall vote on that bill. p. 5403

SENATE

11. COTTON. Passed without amendment S. 1455, to authorize 1-year leases of upland cotton acreage allotments from farms having allotments of 10 acres or less to other farms in the same county if the combined allotments will not exceed 50 acres. pp. 5340-7
12. RESEARCH; MILK; COOPERATIVES. The Senate Agriculture and Forestry Committee ordered reported the following bills: p. D247
S. 690, without amendment, to provide a program for the increased use of agricultural products for industrial purposes;

LARGE LIST OF COMMODITIES SUBJECT TO ACT

Other commodities currently subject to such regulation are: wheat, cotton, rice, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, eggs, onions, *Solanum tuberosum*—Irish potatoes, wool, wool tops, fats and oils—including lard, tallow, cottonseed oil, peanut oil, soybean oil and all other fats and oils—cottonseed meal, cottonseed, peanuts, soybeans, and soybean meal. That is a pretty comprehensive list.

Onions and wool were added to this list just in the past few years—since the FTC urged that coffee also be included. Onions and wool were added because of congressional concern over manipulation of the market by speculative practices previously not subject to regulation.

Now is the time to add coffee. There is no imminent danger right now of a runaway coffee market—at least there does not appear to be any. Therefore, action to add coffee to the list, when the coffee market is down, could not set off any alarming reactions in Latin America as would be sure to happen if we were to take this action in the midst of a sharply rising market.

PRICE RISE IN GREEN COFFEE WOULD SHOW UP INSTANTLY IN STORES

Those who say "Why bother right now when coffee prices are down?" are like the fellow who saw no reason to mend his roof when the sun was shining, because "it ain't raining now." Of course, when it is raining, the repair work cannot be done.

My bill is no pat solution for the problems affecting the coffee industry. It is a minimum safeguard, however, for the American consumer in case we should again run into the kind of thing we experienced in 1953-54. The Federal Trade Commission, which originally suggested that Congress take this step, has shown absolutely no leadership in recent years in pushing for this legislation, just as it has not been very active in most other areas of its responsibilities. All the more reason then why we in the Congress must accept the burden of leadership on this.

With current low inventories of coffee on hand in this country—the figures show inventories dropped more than 100 million pounds, or 29 percent, during 1958 to give us the lowest year-end stocks on hand since the bubble broke in 1954—it is inevitable that every minor rise in green coffee prices will again be reflected instantly in higher prices in the grocery stores. This is the practice of the big roasters—according to the FTC report, they price not on actual cost of their coffee on hand but on replacement costs. So we will be on the price-rise merry-go-round immediately with any improvement in producers' prices brought about by tighter export restrictions or by currency manipulations in Latin America.

WE HAVE NO PROTECTION AGAINST SPECULATIVE IRREGULARITIES

If, in addition, the coffee futures market remains vulnerable to all kinds of irregularities in trading and speculative practices because of the absence of

any day-to-day governmental regulation such as we have for so many other commodities, the American consumer will certainly suffer for it.

And Congress will be derelict in protecting the people who elect the Congress.

Sure, we can blame the executive department for lack of leadership, or of imagination and energy on this matter. But we already have enough political ammunition of that nature to carry us well through 1960. The point is that instead of political ammunition to berate a complacent and unimaginative administration, we need continued strong leadership here to point the way to solutions of problems which cry for attention. And trading in coffee futures is one of those problems.

I sincerely hope that the Committee on Agriculture will soon schedule hearings on this bill, and particularly call in the Federal Trade Commission staff experts who pointed the way 5 years ago to one of the few means available to the United States to protect our consumers from trading irregularities and manipulated prices on coffee.

The State Department is busily seeking to help the Latin American economies, and we all go along with that idea. But let us not forget the American consumer. Five years ago, the State Department was completely taken in by the fake reports of a shortage of coffee and in correspondence which I placed in the CONGRESSIONAL RECORD in 1954, flatly assured me there was nothing to be done about the high price of coffee because the coffee supplies were alarmingly low.

Seldom has an American Government agency been so completely wrong on its facts on a matter affecting so broadly the entire American public.

COFFEE IS OUR BIGGEST SINGLE IMPORT ITEM

Coffee, dollarwise, is the largest import commodity coming into the United States. It is one of the few over which there is absolutely no form of governmental control to prevent trading irregularities and manipulation of the market. This is an intolerable situation.

I salute Latin America on Pan American Week and on Coffee Day. The governments of Latin America are doing everything they can think of to raise coffee prices as a means of raising income levels. There is no reason why they should not obtain fair prices for this major crop. But, unless we pass legislation such as I am introducing today to place trading in coffee futures under the Commodity Exchange Act, what protection is there for our consumers if, as I said, the hopes and aspirations of Latin America for a great surge in coffee prices should materialize?

Considering that we need about 3 billion pounds of green coffee a year, it is easy to see what each 1-cent increase in the price means to us as consumers. We don't want to hold prices unfairly low; but we need at least minimum protection to keep them suddenly in the future from again going through the stratosphere, as they did in 1954, when the need for this legislation was so dramatically called to our attention.

THE OPPORTUNITY TO CREATE A FREE SOCIETY

(Mr. LANE asked and was given permission to address the House for 15 minutes.)

Mr. LANE. Mr. Speaker, the United States was built by people who dared every hardship for the opportunity to create a free society. For generation after generation, we opened our arms to the poor and oppressed peoples of Europe.

In every land, people dreamed of the day when they would be able to come to the United States, the sanctuary of freedom. Once here, they knew that we would never betray them to the oppressors from whom they had escaped.

The upheavals of World War II made it possible for many of these people to escape the clutches of communism. Millions of displaced persons and refugees found temporary safety behind the lines of the advancing American armies. The United States, dedicated to the principle of human rights, could not in good conscience, send these victims back to the doom that is communism.

Responding to their appeals for help, the Congress enacted the Displaced Persons Act, the Refugee Relief Act, and other laws to temper justice with mercy, so that those who fled to the United States would not have to fear that at some future time they would be forcibly returned to the lands where terror rules.

It is true that a few of them, in desperation, managed to reach the United States without the formalities of proper papers. Others, who did enter through regular channels, subsequently suffered mental breakdowns which could be traced to the nightmare of Communist persecution which has been known to break the mind and spirit of human beings.

Technically, they were still aliens. And, in the stilted language of the immigration laws, they were granted the dubious protection called "stay of deportation." In the Immigration Law of 1952, it was stated that:

The Attorney General is authorized to withhold deportation of any alien within the United States to any country in which, in his opinion, the alien would be subject to physical persecution and for such period of time as he deems necessary for such reason.

No one paid any attention to this section because it was inconceivable that communism would ever abandon force and terror as basic policy. But now, the U.S. Immigration and Naturalization Service has notified a number of Poles in the categories I have referred to, that:

Information available indicates a changed political situation in Poland necessitating reconsideration of the aliens' application for stay of deportation.

What changed political situation? The Immigration and Naturalization Service does not state, because it does not know. So it places the burden of proof on the alien in this country. The aliens are informed that they will be furnished a further opportunity to testify and submit any available evidence they

may have, to support their claim of physical persecution if returned to Poland at this time.

This strange about-face in policy is fantastic, ludicrous, and heartless. It is demoralizing the refugees, and is arousing justified resentment among all fair-minded Americans. The sincerity of the United States, and its longstanding reputation of protecting those who found asylum here, is at stake.

What caused this switch, which now proposes to betray the promise of sanctuary, and hand the victims back to the Communists, and to the terrors of rehabilitation? Is it part of the new and flexible foreign policy of the United States, which, in the name of expediency, would conveniently ignore principles? Whatever the rationalization may be, it is both wrong and cruel.

The American public will never sanction the use of freedom-loving Polish refugees as instruments of international diplomacy. The Soviet record of broken pledges and of governing satellite nations by puppet regimes, is too well known to permit any wishful thinking on the part of the U.S. Government. Those who rule Poland today have Polish names, but from that point on, any similarity or relationship between them and the Polish people is a fiction and a fraud. The Polish Government is Communist. It is the captive of the Kremlin. It is the enemy of the Polish people and their imperishable devotion to freedom and to their Catholic faith. To forcibly deport anti-Communist refugees to Communist-dominated Poland would betray their confidence in us. This is but a first step in toward appeasement of the Soviet Union and recognition of its domination over Poland and every other satellite country.

The United States is being pressured and persuaded to participate in summit conferences to the dismay of those behind the Iron Curtain who look to us, and our professed ideals, as their last hope. Khrushchev wants to bargain at the top level. In the expectancy that we will weaken and disengage and abandon Eastern Europe to communism.

The American people must make it plain to the U.S. Government that they will never support any sacrifice of principle for the illusion of "peace in our time," for that road of cowardly compromise leads to disaster.

The burden is on the Immigration and Naturalization Service to prove that the political situation in Communist Poland has improved to the extent that it would be safe for refugees. It has made no attempt to do so, because it knows that it has no case. The Immigration and Naturalization Service does not realize the consequences of its ill-advised decision. I am sure that it does not want to assume responsibility for the reenslavement of men and women who are now free. But that will be the end result if it continues with its present plans.

I, therefore, ask the Congress to revoke the discretionary and arbitrary power exercised by the Immigration and Naturalization Service in these instances. The immigration laws must

protect, and not punish, those aliens and refugees who are of good character, and who are definitely anti-Communist.

Our long and loyal friendship with the Polish people, and our spiritual kinship with them as fighters for freedom, require that we stop this inhuman deportation program which is bereft of reason and conscience.

We must welcome instead of condemning to exile, the Polish refugees in the United States. And thereby prove to them; to the captive peoples of Europe; and to the civilized world; that our country is in truth, the haven for the oppressed who believe and trust in American justice and American compassion.

ANNOUNCEMENT

Mr. FOLEY. Mr. Speaker, this afternoon when rollcall No. 28 was had, I was inadvertently and unavoidably absent because I had to attend the awarding of essay prizes at the Kenwood Country Club on behalf of the Civitan Club of Bethesda. Had I been present I would have voted "yea."

MR. HAROLD LOCKHEIMER

(Mr. ADDONIZIO at the request of Mr. FOLEY) was given permission to extend his remarks at this point in the RECORD.)

Mr. ADDONIZIO. Mr. Speaker, the Government has lost a most able and devoted public servant in the recent resignation of Mr. Harold Lockheimer from the exacting position of Director of the Federal Housing Administration Insuring Office for Puerto Rico and the Virgin Islands. Mr. Lockheimer assumed the post, which he held for 3 years and 4 months, at considerable personal sacrifice, and now finds it imperative to devote time to his business affairs, principally his public relations firm.

As acting chairman of the Housing Subcommittee of the House Banking and Currency Committee, I became well acquainted with Mr. Lockheimer and was most favorably impressed with the efficiency and enthusiasm with which he met an ever increasing workload. His splendid performance is reflected by the growth in the volume of FHA operations in Puerto Rico. During the first 17 years of the program, 1939 through 1955, inclusive, approximately \$135 million in home mortgage loans were insured by the local office. By contrast, \$108 million in home mortgage loans were insured by the office during Mr. Lockheimer's incumbency of 3 years and 4 months.

From those who are familiar with his record, Mr. Lockheimer takes with him into private life appreciation for a job well done and best wishes for the future.

NEW AREA REDEVELOPMENT BILL APPROVED BY SUBCOMMITTEE

(Mr. PATMAN (at the request of Mr. FOLEY) was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, as chairman of Subcommittee No. 3 of the House Banking and Currency Committee, I wish to include in the record at this point a short summary of the changes which the subcommittee agreed upon yesterday in voting to report favorably to the full committee S. 722, the Area Redevelopment Act. Since these changes involve many different provisions of the bill, they were incorporated in a single amendment in the nature of a substitute. Because of the widespread interest in this badly needed legislation, I am sure it will be helpful to the Members to have this information. Chairman SPENCE has not indicated when the bill will be brought before the full committee for consideration.

EFFECT OF CHANGES IN S. 722 AGREED TO BY SUBCOMMITTEE NO. 3

1. Eligibility criteria for rural areas:

Administrator must designate any rural county on either of two 1954 lists of counties with lowest farm incomes and levels of living; may designate other counties under criteria of original bill.

2. Financing:

Loan funds must be appropriated (bill now allows borrowing such funds from Treasury).

3. Dollar amounts:

[In millions of dollars]

	Now	Proposed
Plant loans (industrial areas).....	\$100.0	\$75.0
Plant loans (rural areas).....	100.0	75.0
Public facility loans.....	100.0	50.0
Public facility grants.....	75.0	35.0
Retraining subsistence payments.....	10.0	10.0
Vocational training grants.....	(1)	2 1/2
Technical assistance.....	2 1/2	2 1/2
Total.....	389.5	251.0

¹ No amount specified.

² Per year.

4. Public facility loans and grants:

(a) no loans or grants to private organizations.

(b) interest rate lowered on loans (from 4 percent to 2½ percent under present conditions).

(c) loan may cover entire cost (bill now limits to 65 percent).

(d) requirement that public works project itself provide permanent jobs is eliminated.

(e) loans may be made where not otherwise available on "equally favorable" terms. (Bill now says "reasonable terms.")

(f) both loans and grants must be consistent with approved overall redevelopment program.

(g) loan or grant is prohibited for facility that would compete with existing privately-owned public utility unless State agency finds need.

5. Urban renewal grants:

Not more than 10 percent of new funds authorized for total urban renewal program may be used under area redevelopment program.

6. Vocational training:

(a) dollar limit on financial assistance (\$1.5 million a year).

(b) financial assistance must be channeled through State board for vocational education.

(c) authority for Secretary of Labor to issue vocational training regulations jointly with Administrator is eliminated.

7. Records and audit:

Recipients of plant loans or public facility loans or grants must keep records, submit to GAO audit.

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HIGHLIGHTS: House committee reported tobacco price support bill. House committee ordered reported area redevelopment bill. Senate committee reported bill to extend Reorganization Act to June 1, 1961. Sen. Young, N. Dak., defended his receipt of price support payments. Sen. Mansfield, Rep. Metcalf, and others submitted and n. Mansfield and Rep. Metcalf discussed measures to provide for acceleration of reforestation programs.

HOUSE

1. TOBACCO. The Agriculture Committee reported with amendment H. R. 5058, to modify present provisions for determining the level of price support for tobacco. (H. Rept. 329). p. 6758
2. AREA REDEVELOPMENT. The Banking and Currency Committee ordered reported with amendment S. 722, to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas. p. D320
3. POSTAL RATES. The Post Office and Civil Service Committee reported with amendment H. R. 5212, to revise the minimum charge on pieces of mail of odd sizes and shapes (H. Rept. 331). p. 6758
4. ELECTRIFICATION. The Rules Committee reported a resolution for the consideration of H. R. 3460, to amend the Tennessee Valley Authority Act of 1933 to authorize TVA to issue and sell bonds, notes and other evidences of indebtedness to assist in the financing of its power programs. p. 6758

5. DAIRY. Received from the Comptroller General a report on review of additional costs incurred by CCC in using tin cans for packaging nonfat dry milk and processed cheese for donation abroad, 1958. p. 6758
6. PUBLIC DEBT. Rep. Hull urged support for his bill to reduce the national debt 1% annually and inserted a summary of measures introduced since 1945 to retire the debt. pp. 6755-7

SENATE

7. ORGANIZATION. The Government Operations Committee reported with amendment S. 1474, to extend the Reorganization Act of 1949 to June 1, 1961 (S. Rept. 239). p. 6645
8. FORESTRY. Received from the Select Committee on Small Business a report, "The Small Independent Firm's Role in the Forest Products Industry." (S. Rept. 240). p. 6645
Sen. Mansfield inserted the program and the remarks of the chief of the Division of Forest Fire Research, Intermountain Forest and Range Experiment Station, the Director of the Intermountain Forest and Range Experiment Station, and the Regional Forester, Northern Region, at the groundbreaking ceremonies for the commencement of construction of the new Northern Forest Fire Laboratory in Missoula, Mont. pp. 6658-60
10. FARM PROGRAM. Sen. Young, N. Dak., charged that a newspaper article, "Payoffs to Hill Farmers Bared," is "so false that it is pitiful," discussed Federal expenditures for the farm program, and inserted a table showing USDA net expenditures for the fiscal years 1954 to 1960. pp. 6689-90
Sen. Russell inserted a news release, "Billions for Farmers?" discussing the USDA budget, and stating that "When all of the nonfarm items in the budget are removed, only a little more than \$1 billion actually will reach farmers." pp. 6690-1
Sen. Dirksen paid tribute to the service of the late Sidney N. Gubin of this Department. p. 6679
Sen. Dirksen inserted surveys of agricultural economists of the 49 land-grant colleges which appeared in the Farm Journal which "reports that four out of five economists say that - first, any laws further hamstringing the free market will hurt the farmer, the consumer, and the Nation; second, legislation has not and cannot solve the farm problem, although the right kind might help," and including tables on the result of the surveys by areas and commodity groups pp. 6677-9
11. CONSERVATION CORPS. Sen. Humphrey inserted an Izaak Walton League resolution supporting the objectives and principles of bills to establish a Youth Conservation Corps. p. 6643
12. ECONOMIC ADVISERS. Confirmed the nomination of Henry C. Wallich to be a member of the Council of Economic Advisers. p. 6641
13. ACREAGE ALLOTMENTS. Received from this Department a proposed bill to amend section 377 of the AAA Act of 1938, as amended, so as to provide for the preservation of unused acreage allotments on public lands; to the Agriculture and Forestry Committee. p. 6641
14. PUBLIC LANDS. Received from Interior a proposed bill "to authorize the classification, segregation, and disposal of public lands chiefly valuable for urban and business purposes"; to the Interior and Insular Affairs Committee. p. 6641
Received from Interior a proposed bill "to facilitate the administration of

"3. The bill reduces the present 15-acre wheat exemption to the lesser of 12 acres or the highest planted acreage in 1957, 1958 or 1959.

"4. Removes the present ceiling of 30 acres on the wheat-for-feed exemption, and permits unlimited production for on-the-farm use.

"5. Leaves the national minimum allotment at 55,000,000 acres.

"6. For the two years the program is in effect, there would be an increase in the penalty for overplanting from the present 45 percent of parity to 65 percent of parity, based on double the normal yield or the actual yield, whichever is lower.

"7. Provides for automatic preservation of acreage histories for the two-year life of the program.

"8. Stipulates that non-cooperators will be ineligible for any price support.

"9. Permanently repeals the 200-bushel exemption.

"10. Bases voting eligibility for marketing quota referenda on the previous year's planting record rather than on the announced intention of planting for the current year."

9. AREA REDEVELOPMENT. The Banking and Currency Committee reported with amendment S. 722, to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas (H. Rept. 360). p. 7378

Rep. Flood inserted a list of amendments made by the Banking and Currency Committee to the area redevelopment bill, and a list "of the Congressional Districts with labor markets suffering from substantial labor surplus, as well as rural redevelopment areas, such list indicates current and prospective date of eligibility for benefits under the area redevelopment bill." pp. 7366-71

10. PRESIDENT'S MESSAGE. Received from the President a message urging Congress to take prompt action to enact legislation dealing with the wheat, housing, and highway situations (S. Doc. 27). pp. 7340-1

11. HOUSING. The Rules Committee granted a rule for consideration of S. 57, the housing bill for 1959. The "Daily Digest" states that "The rule will make in order as a substitute H. R. 7117 (introduced by Representative Herlong). Both S. 57, as amended by the Banking and Currency Committee, and H. R. 7117, will be considered as original bills and subject to amendments." pp. D357, 7378

12. FAIR TRADE; MARKETING. The Interstate and Foreign Commerce Committee ordered reported with amendment H. R. 1253, to amend the Federal Trade Commission Act so as to equalize rights in the distribution of merchandise identified by a trademark, brand, or trade name. p. D356

13. CONTRACT RENEGOTIATION. The Ways and Means Committee reported without amendment H. R. 7086, to extend the Renegotiation Act of 1951 (H. Rept. 364). p. 7378

14. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 5752, to provide for the absence from duty by civilian officers and employees of the Government on Fri. when a holiday falls on Sat.; the bill would become effective July 1, 1959 (H. Rept. 362). p. 7378

15. FORESTRY. Rep. Ostertag commended the Secretary's report, "Program for the National Forests," and expressed hope that the Agriculture Committee "will find that the program merits our support." p. 7343

16. IRRIGATION. Rep. McGovern discussed the benefits of irrigation in S. Dak., and inserted an article, "Farmers in Huron Area Show More Interest in Irrigation." pp. 7344-5
17. DAIRY MARKETING. Rep. Johnson, Wisc., discussed and summarized the provisions of his bill, H. R. 6750, to provide for a long-range income stabilization and improvement program for dairy producers, and inserted a table on estimated Government costs, market prices, market supply reductions, and returns to farmers which would result from the program during a typical year's operation pp. 7354-9
18. INTEREST RATES. Rep. Rhodes defended the administration's interest rate policy stating that there "is a very definite correlation between the value of the dollar and the interest rate, as shown very graphically by our experience of the last few years." p. 7371
19. EDUCATION; PROPERTY. Received from HEW a proposed bill "to amend Public Laws 815 and 874, 81st Congress, relating to school assistance in federally affected areas, so as to limit payments under such laws to situations involving tax-exempt Federal property"; to Education and Labor Committee. p. 7378
20. LEGISLATIVE PROGRAM. Rep. McCormack announced the following legislative program: Mon., May 18: agricultural appropriation bill for 1960; consent calendar; and H. R. 7007, National Aeronautics and Space Administration appropriation authorization bill for 1960; Tues., May 19; private calendar; housing bill; and general Government matters appropriation bill (after housing bill disposed of). p. 7338
21. COMMITTEE ASSIGNMENTS. Rep. Quie resigned from the Select Committee on Small Business. p. 7340
22. ADJOURNED until Mon., May 18. p. 7377

ITEMS IN APPENDIX

23. SURPLUS COMMODITIES. Extension of remarks of Sen. Symington stating that his proposed food-for-peace bill "is a positive, dynamic approach to this grave question and problem," and inserting an editorial, "Must Our Food Surplus Be Treated As An Evil?" p. A4029
Extension of remarks of Rep. Dingell criticizing this Department's administration of the surplus commodities disposal program, and urging the establishment of a food stamp plan. pp. A4036-7
24. SOIL CONSERVATION. Extension of remarks of Sen. Yarborough inserting an editorial, "Soil Conservation Vital." p. A4030
25. WHEAT. Sen. Langer inserted a GTA Daily Radio Roundup discussing problems of the wheat farmers. p. A4034
26. FARM PROGRAM. Sen. Wiley inserted an article, "Uncle Sam Has Recovered 84 Cents on Each Dollar Spent on Farm Supports." p. A4036
Extension of remarks of Rep. Wolf favoring economy in Government, and stating that "I submit we overhaul our farm program. I submit that the greatest spender of them all is Secretary Benson." pp. A4052-3
Extension of remarks of Rep. Cooley inserting an editorial, "Prophets and Opinion Polls," refuting certain Farm Journal opinion poll claims. p. A4089

AREA REDEVELOPMENT ACT

REPORT

OF THE

COMMITTEE ON BANKING AND CURRENCY

HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH CONGRESS

FIRST SESSION

TOGETHER WITH

MINORITY AND INDIVIDUAL VIEWS

ON

S. 722



MAY 14, 1959.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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AREA REDEVELOPMENT ACT

MAY 1, 1959.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

MR. SPENCE, from the Committee on Banking and Currency, submitted the following

R E P O R T

[To accompany S. 722]

The Committee on Banking and Currency, to whom was referred the bill (S. 722) having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the matter which appears in italic in the bill herewith reported to the House.

WHAT THE BILL WOULD DO

S. 722 contains seven major provisions.

First, the bill would create an Area Redevelopment Administration within the executive branch of the Government. It would be headed by an Administrator whose compensation would be \$20,000 per annum. His appointment would be subject to Senate confirmation.

Second, the bill would authorize the Administrator to designate two types of redevelopment areas—industrial and rural—in the United States. The Administrator would designate as industrial redevelopment areas those areas suffering from substantial and persistent unemployment, and as rural redevelopment areas those areas with a large percentage of low-income families and substantial unemployment or underemployment. An overall program for the economic development of each area would then be prepared by the leaders of the area with advice and assistance of local authorities and the Area Redevelopment Administration. This would be subject to the approval of the Administrator.

Third, the Administrator could make loans for industrial projects in industrial redevelopment areas out of a revolving fund of \$75 million. He could also make loans for industrial projects in rural redevelopment

areas out of another \$75 million revolving fund. These funds would be established by appropriations.

Fourth, the bill would authorize the Administrator to make loans and grants for constructing or improving public facilities, or for purchasing or developing land for public facility usage in redevelopment areas. Such a loan or grant could be made only upon application by a State or local governmental unit. The bill would authorize an appropriation of \$50 million for loans and one of \$35 million for grants.

Fifth, the bill would authorize the Administrator to provide technical assistance to redevelopment areas. It might be provided by use of the staff of the Administrator or by contract with individuals or institutions.

Sixth, the bill contains two sections which would vest additional authority in the Housing and Home Finance Administrator in order to assist industrial redevelopment areas. Grants and loans for slum clearance could be made in these cases under title I of the Housing Act of 1949 without regard to certain existing requirements of that act. Planning advances authorized by the Housing Act of 1954 would be made available to all communities in industrial redevelopment areas without regard to the population limitation otherwise applicable.

Seventh, the Secretary of Health, Education, and Welfare could provide information and financial assistance in connection with vocational training programs, and the Secretary of Labor would be authorized to pay subsistence payments up to 13 weeks for persons receiving such vocational training but not then receiving unemployment compensation.

BACKGROUND OF THE BILL

The problems which S. 722 is designed to meet are not new. The provisions in S. 722 have been considered in one form or another by four separate committees of Congress in the past 5 years.

The Joint Economic Committee was the first congressional group in the 84th Congress to call for Federal action to help chronically distressed communities. In its 1955 report, the Joint Economic Committee urged that the public works program should be speeded up, and that loans and technical assistance should be extended to help these distressed communities to improve their economic conditions.

Later, in the same year, the Joint Economic Committee made a careful study of low-income families in the United States and in its report the committee called attention not only to the problems of depressed industrial areas but also to the persistence of low income in various rural areas in the country, particularly in the South. The committee favored a comprehensive Federal program which would combat the basic causes of economic distress both in depressed industrial areas and in regions where low incomes prevailed.

In 1956, the House Banking and Currency Committee reported favorably to the House H.R. 11811, a bill to aid chronically depressed areas. Although the House failed to act on this measure, a similar bill, S. 2663, was reported by the Senate Committee on Labor and Public Welfare, and passed the Senate on July 26, 1956.

Both major parties in their respective 1956 platforms called for Federal legislation to aid economically depressed areas.

An almost identical bill, S. 3683, 85th Congress, passed both Houses of the Congress in 1958, but was pocket-vetoed by the President on September 6, 1958.

S. 722, as reported, is a product of careful study and deliberation. Public hearings were held by Subcommittee No. 3, headed by the Honorable Wright Patman, on the companion bill to S. 722, H.R. 3505, introduced by the Honorable Brent Spence. They lasted from March 9 to March 20. Over 70 witnesses were heard, including representatives of the Department of Commerce, the Housing and Home Finance Agency, and the Small Business Administration. Helpful testimony was also offered by Members of Congress who appeared before the subcommittee. Witnesses representing labor organizations, agriculture, industry, and civic groups gave the subcommittee the benefit of their knowledge and judgment. The subcommittee went into executive session on April 14. Several amendments were adopted to the Senate-passed bill, reducing the total dollar authorizations from \$390 to \$251 million. The bill was then reported to the full Banking and Currency Committee which in turn acted favorably on it on May 5, 1959.

CHRONIC LOCALIZED DEPRESSION—WHY AND WHERE

(1) TECHNOLOGICAL CHANGE

The key to the increasing prosperity of the American economy has been productivity, which in turn stems from technological progress. The economy as a whole benefits from such technological change, but some of the workers displaced by innovations or technological shifts are not readily reabsorbed into the ranks of the employed.

One community thus affected is Altoona, Pa. Until recently, Altoona was the largest steam locomotive repair center in the United States. The rapid dieselization of railways since the end of World War II has changed the pattern of skills required by locomotive repairmen. A large number of fairly specialized mechanics were formerly employed in Altoona in the repair shops. But as railroads switched from steam to diesel locomotives, their skills were no longer required. Diesel locomotives are not repaired by the same type of mechanic, nor in the same place, as the older steam locomotives.

Technological change has also contributed to the displacement of coal miners. Many communities in the coal mining centers of Kentucky, Pennsylvania, southern Illinois, and West Virginia have witnessed rising local unemployment which has been partly due to the replacement of miners by mechanical cutters.

(2) MIGRATION OF INDUSTRY

The cotton textile industry of New England began its mass migration to the South during the short but sharp depression which followed World War I. This migration continued for the next two decades. It was halted by World War II when the cotton mills of both the North and the South were operating at or close to capacity. Since the end of the war, there has been a further substantial shrinkage of the industry in New England.

Prior to World War II, the woolen and worsted industry remained highly localized in New England. But following the war, this industry, too, began to move south. Mill after mill in New England was liquidated, while new and modern textile mills, in both the cotton-

synthetic and woolen-worsted industries, were built in the South. Thousands of textile workers were left stranded in New England, New York, and Pennsylvania. The full-fashioned and seamless hosiery industries likewise migrated southward displacing many hosiery workers in the North. And there has been some migration of the glove and apparel industries to low labor-cost areas.

A number of communities have been adversely affected by the out-migration of industry. Among those have been the Massachusetts textile cities of Lawrence, Lowell, Fall River, and New Bedford; Manchester, N.H.; the Utica-Rome area in New York; Philadelphia and Reading in Pennsylvania; Providence, R.I.; and to a lesser extent Paterson, N.J. Other communities, such as Brockton, Mass., have experienced a high level of localized unemployment due to the migration of shoe factories.

A community does not recover easily from the sudden impact of the liquidation of a large mill or factory. The textile industry is labor intensive; that is, a large number of workers are employed per dollar of capital invested. Many of the New England textile mills which have been liquidated in recent years employed 5,000 or more workers. These mills were not closed down overnight, but when their managements decided to liquidate, thousands of workers were laid off over a period of several months, and the displaced workers were not readily reabsorbed into new jobs.

The migration of industry is not new in the United States; indeed, it has been going on virtually since the beginning of industrialization in this country. Although the statistical evidence on this score is scanty, there is a strong presumption that there has been more sudden movement of industry during the postwar period than during comparable periods in the past. The number of communities which have become chronic surplus labor areas due to this cause has been large. And the communities which have become depressed areas due to the migration of industry have often experienced the greatest difficulty in adapting to change.

(3) SHIFTS IN DEMAND

Although technological change has contributed to the decline of employment in coal mining by reducing employment per ton of output, an even more important cause has been a shift in demand from coal to oil on the railroads, in industry, and in homes. The declining consumption of coal has had secondary effects on such communities as Cumberland, Md., for example, where railroad manpower requirements have been severely curtailed due to the reduced shipments of coal.

(4) PROTRACTED SEASONAL UNEMPLOYMENT

Some resort communities, such as Atlantic City, N.J., and Asheville, N.C., have high levels of employment during the summer months, but experience so much unemployment during the remainder of the year that they are classified as surplus labor areas.

Other areas such as Durham, and the Winston-Salem area of North Carolina, which are important tobacco manufacturing centers, may have a balanced labor supply for about 4 months out of the year while tobacco manufacturing is at its seasonal peak. But for the remainder of the year, these communities are surplus labor areas.

These and other communities in the upper South have also felt the impact of declining job opportunities in the domestic textile industries.

(5) DEPLETION OF RESOURCES

Although this has not been a major cause of localized depression, a few communities have become surplus labor areas because the basic resource which formerly supported employment in these areas has been depleted. Tacoma, Wash., has suffered from unemployment due to the diminishing supply of saw and peeler logs.

The depletion or exhaustion of high-grade and easily accessible seams of coal have contributed to chronic unemployment in the 14 coal-mining areas which have been classified as surplus labor areas for a good part of the time in recent years. Similarly, the exhaustion of accessible and high-grade deposits of zinc, lead, and iron ore have produced substantial unemployment in a few areas.

In other areas, the depletion of resources has not been the primary, direct cause of unemployment, but has been a contributing factor. Iron Mountain, Mich., for example, became a surplus labor area when the largest firm in the community, a manufacturer of wooden station wagon bodies, closed when adequate supplies of steel supplanted wood in this use in 1953. Conditions in this community were further aggravated by the decline in lumbering and iron mining due to the gradual depletion of resources.

THE NEED FOR ACTION

Your committee is convinced that Federal legislation establishing a comprehensive unified program to help depressed areas is long overdue. Many localities have long been suffering from chronic unemployment. This unemployment presents a double threat to our way of life. It threatens our internal development, and it threatens our external security.

It threatens our internal development because that development has been based on a continually growing domestic market. If many people, through unemployment, are removed from the market as full-scale consumers, our economy will not continue to grow as it might. Moreover, a powerful motive force in our economic growth has been our acceptance of equality of opportunity as a social goal. If opportunity is severely limited in many communities through no fault of the communities themselves, faith in our objectives will be impaired and the motive force which that faith supplies will be correspondingly weakened.

Chronic unemployment threatens our external security both because it supplies our enemies with propaganda material and because it prevents us from realizing our full strength. The leaders of many hundreds of millions of the world's people are hostile to us; one of their central doctrines is that unemployment is inherent in our system, hence any unemployment we experience is a propaganda success for those leaders. But of more tangible importance to our security is the loss of production and income and the dissipation of human effort resulting from our failure to utilize our full economic potential. It increases the costs of Government and the cold war borne by the

employed groups. Unemployed people and unused capacity discourage our friends and encourage our foes.

Your committee is fully convinced, then, that chronic unemployment anywhere in our economy is a matter of national concern.

Depressed industrial areas have many common characteristics; first, they are areas which have lost certain historic locational advantages, as discussed above in this report.

Second, they are areas where local enterprise and initiative have usually been smothered and repressed by the existence of persistent and chronic unemployment. Areas suffering from prolonged unemployment are like individuals who have been physically ill or unemployed. They lose heart and courage. They become resigned and discouraged. Their physical energies have been drained. They are like unemployed individuals who need the outside help of a professional agency dedicated to providing them with specific guidance and courage and assistance. Outside assistance, your committee believes, must come from the Federal Government.

Third, they are areas which have low financial resources and are, therefore, least capable of raising the capital required for long-term bold programs for rehabilitation. The very fact that unemployment has persisted and become chronic has meant that the communities' tax rolls have suffered and their financial resources have been drained. They are not as capable of financing their own programs as are the more prosperous communities.

Your committee believes that, in general terms, programs designed to aid depressed areas—those characterized by underemployment and misallocation of resources—have much in common, regardless of whether they relate to agricultural or industrial areas. Both types of areas require additional capital resources, new industrial development to absorb labor surpluses, increased availability of credit and technical assistance to the community; expansion of vocational education available to the local population; and enlarged and improved community facilities and services. It was emphasized during your committee's hearings that expansion of economic activity provides the only long-run solution to the problems of industrial areas with a chronic labor surplus. To achieve this goal, local producers should be enabled to take advantage of additional opportunities to expand and increase their level of output; surveys are needed to appraise and evaluate existing and potential local resources in order to assess the area's capacity for future economic growth; new industries and expanding industries which can put local resources to economic use must be encouraged to establish plants in depressed areas; workers must be afforded opportunity for training which will fit them for new jobs; and assistance must be given to needy workers while they are undergoing such training. Your committee is firmly convinced on the basis of the testimony it received that all of these programs should be administered by a single agency in the Federal Government.

We cannot rely on local efforts alone. We have relied upon such efforts in the past in most communities now considered distressed and they proved to be inadequate. The failure of such local efforts is the reason that the distressed areas problem has become a national problem. The greater national interest dictates that continued eco-

economic distress anywhere is destructive of the national well-being and at variance with the Employment Act of 1946, which states:

It is the continuing policy and responsibility of the Federal Government * * * to coordinate and utilize all of its plans, functions, and resources for the purpose of creating and maintaining * * * maximum employment.

THE COST OF THE PROGRAM

(1) COMPARISON OF BILLS

The following table compares new authorizations in the Senate-passed bill, the bill as reported to the House, and the administration bill:

	S. 722 (as passed Senate)	S. 722 (as reported to House) (in millions)	H. R. 4278 (administra- tion bill)
Plant loans (industrial areas).....	\$100.0	\$75.0	\$50
Plant loans (rural areas).....	100.0	75.0	None
Public facility loans.....	100.0	50.0	¹ None
Public facility grants.....	75.0	35.0	None
Retraining subsistence payments.....	10.0	10.0	None
Vocational training grants.....	⁽²⁾	³ 1.5	⁽²⁾
Technical assistance.....	⁴ 4.5	³ 4.5	³ 3
Total.....	⁴ 389.5	251	⁴ 63

¹ H. R. 4278 authorizes extending existing public facility loan program (now limited to \$100 million) to cover distressed areas.

² No limit specified.

³ Per year.

⁴ Exclusive of unspecified amounts for vocational training grants.

⁵ Exclusive of unspecified amounts for public facility loans and vocational training grants.

It will be seen that the bill your committee reported represents a cut of about one-third in the amounts authorized by the Senate-passed bill. Although a strong case was made during the hearings to support the amounts in the Senate-passed bill, your committee decided upon the lesser amounts in the hope that this compromise would result in getting this legislation on the statute books without further delay.

Your committee most sincerely hopes that the spirit of reasonableness and true compromise, which has been its guide, will be met in the same spirit by the administration in acting on this bill.

Further cuts cannot be made without serious danger of killing this new program before it can get started. Half way measures in this area could easily be worse than none. If an inadequate bill is adopted it could discredit all Federal efforts to bring effective assistance to these hard-hit communities.

(2) PRIMARILY A LOAN PROGRAM

As shown in the table above, four-fifths of the funds authorized by your committee's bill would be for loans. Most of these loans would be plant loans, made at an interest rate that would more than cover the cost to the Federal Government of borrowing money, plus another one-half of 1 percent to cover administrative expenses and build up a reserve for losses. Public facility loans would be made at

an interest rate covering the average rate the Government pays on its outstanding obligations, plus another one-fourth of 1 percent to cover administrative expenses and costs. The same interest rate formula is now in effect in connection with the college housing loan program and experience with that program has shown that one-fourth of 1 percent is ample to cover administrative expenses and losses; it is reasonable to expect it will also cover expenses and losses on these public facility loans, because remarkably low loss rates now prevail on municipal borrowings for this purpose. It is therefore reasonable to expect that the bulk of the expenditures under the bill will be investments, returning to the Government enough in interest payments to cover all costs to the Government.

(3) COST OF DOING NOTHING

Depressed areas are expensive. If we do nothing about them, we pay for them directly through increased unemployment compensation benefits, and indirectly through loss of production. A representative of the Department of Labor told your committee in 1956 that if the ratio of unemployment in labor-surplus areas could be reduced to the national average, we would save about \$100 million a year on unemployment insurance. This estimate was based on unemployment compensation benefits of \$1,350 million in 1955; since the corresponding figure for 1958 is \$4,100 million it will be seen that substantially larger savings from this program can be expected today. This represents a direct saving; there will, of course, be even larger indirect benefits through increased production in depressed areas, including larger tax collections at all levels of Government.

(4) COST OF BILL COMPARED WITH SIMILAR GOVERNMENT INVESTMENTS ABROAD

The President's budget message this year included the following statement:

The United States is directing its diplomacy and devoting a substantial share of its economic resources to maintaining world peace and the security of free nations. In a world which still contains much want and suffering, it is a goal of our foreign policy to promote the economic stability and growth of less developed countries. This is as vital to us as it is to the countries concerned in the present world situation.

In order to carry out this policy, the President has recommended expenditures of billions of dollars. The following figures, also taken from the President's budget message, give some indication of the

size of our current effort in the field of economic and technical development abroad:

[Fiscal years; in millions]

Program or agency	Budget expenditures			Recommended new obligatory authority for 1960
	1958 actual	1959 estimate	1960 estimate	
International Monetary Fund subscription (proposed legislation).....		\$1,375		
Export-Import Bank.....	\$340	243	—\$6	
Mutual security, economic:				
Development Loan Fund:				
Present program.....	2	125	180	
Proposed legislation.....			20	\$700
Defense support:				
Present program.....	874	815	515	
Proposed legislation.....			265	835
Technical cooperation:				
Present program.....	140	159	85	
Proposed legislation.....			85	211
Contingencies and other assistance:				
Present program.....	408	470	272	
Proposed legislation.....			226	584
Other (primarily Department of Agriculture emergency famine relief abroad).....	146	135	126	115
Total.....	1,910	3,322	1,774	2,445

This reference is not intended to be critical of these expenditures. Your committee has been instrumental in writing the laws under which the International Monetary Fund, International Bank for Reconstruction and Development, International Finance Corporation, and Export-Import Bank operate, and has supported these institutions in their investment programs, which have been to the mutual benefit of the United States and our allies in the free world.

At the same time, it should be emphasized that the amounts that this bill would authorize to assist our own distressed communities are small compared with the amounts we are putting into economic and technical development abroad. If we can afford \$7 billion in 3 years for economic and technical development abroad, we can afford \$250 million for the same purpose here at home.

RURAL REDEVELOPMENT AREAS

The bill recognizes that chronic economic distress is by no means confined to urban areas. Despite our overall level of national prosperity, far too many rural counties still suffer from a high rate of unemployment or underemployment, and a disproportionately low standard of living. Too often we forget that within the ranks of agriculture there are approximately 1 million families with an annual income of less than \$1,000. These families frequently have inadequate farming resources to provide full-time productive use of their labor under modern conditions. Many small farmers are hampered by inadequate capital and a scale of operations too small to give them a decent family living. According to the most recent data available from the Census of Agriculture, the gross sales of approximately one out of three commercial farms are less than \$2,500. This bill would provide off-the-farm jobs to supplement the income of these farm families.

This solution was recommended to your committee by Mr. Herschel D. Newsom, Master of the National Grange, who stated that from the long-range standpoint this bill "could be one of the most important pieces of agricultural legislation during the 86th Congress." The National Grange has expressed its support of this legislation in the following policy statement:

The fundamental remedy, we believe, is to expand employment opportunities in areas of chronic rural underemployment. We hold that where human dignity and a decent American standard of living are at stake, we cannot be satisfied with half measures. We believe these very low income rural families deserve a positive and realistic effort that will help them obtain respectable, useful employment—either part-time work to supplement farming operations, opportunity to move to areas needing additional farmers, or full-time off-the-farm employment for one or more members of the family.

Accordingly, we favor expansion of existing rural development activities to include more attention by Government agencies to this problem; a central administration to give leadership to local, State, and national efforts in dealing with rural underemployment; and limited financial aid, primarily in the form of loans, to help in the location or expansion of industrial activities in areas of rural underemployment.

Testimony before your committee indicated that off-the-farm employment is an increasingly important aspect in the economic life of America's farm families. In some instances, such off-the-farm employment provides a relatively small but extremely necessary supplement to farm income, and the farm itself continues to be the principal source of income. In other and steadily increasing instances, off-the-farm employment is supplanting the farm as the chief source of income for the farm family.

For over 3 years, the Department of Agriculture has been trying to help these areas through the rural development program. The program has shown some promise in opening up new job opportunities, but it has been hampered seriously by lack of funds, and has relied primarily upon exhortation and educational efforts. The committee agrees with the conclusion expressed in a recent report of the agricultural committee of the National Planning Association:

The low-income rural problem is far too vast and deep seated to be solved by the rural development program as presently conceived. While the cautious grassroots approach of this program may have been largely justifiable up to date, it will have to become much more sharply focused, better integrated and coordinated, much bolder in its objectives, and far better financed if it is to make significant inroads in reducing the South's widespread rural poverty.

Your committee believes that the bill would represent a great forward step in coping with the low-income rural-area problem. Under the bill essentially the same economic tools available to industrial depressed areas would be made available to step up economic activity in the low-income rural areas.

The bill would require the Administrator to designate as a rural redevelopment area any county (1) which is among the 500 counties in the United States ranked lowest in level of living of farm-operator families, or (2) which is among the 500 counties in the United States having the highest percentage of commercial farms producing less than \$2,500 worth of products for sale annually. (For a list of those counties which would automatically be designated as rural redevelopment areas, see appendix B, p. 23.)

This would mean that upon enactment, these areas would automatically be eligible for the loan and grant and other redevelopment features of the bill. They would become eligible for loans for industrial and commercial development, as provided in section 6 of the bill. They would become eligible for assistance in providing local public facilities, both in the form of loans and grants, as provided in sections 7 and 8 of the bill. They would become eligible for technical assistance. They would become eligible for the worker retraining aids provided in sections 15 and 16 of the bill.

Your committee believes that these aids taken in combination will provide the means for these low income rural areas to expand their economic base, provide additional job opportunities, and raise their general income level and standard of living. In helping achieve these most desirable objectives, your committee believes that the bill will make a solid contribution to the economic well-being of America's rural sections.

MAJOR PROVISIONS OF THE BILL AS REPORTED

AREA REDEVELOPMENT ADMINISTRATION

Section 3 would create an Area Redevelopment Administration within the executive branch of the Government. It would be headed by an Administrator whose compensation would be \$20,000 per annum. His appointment would be subject to Senate confirmation. While your committee is fully cognizant of the arguments for minimizing the number of agencies reporting to the President, there seems to be no alternative in this instance without seriously prejudicing the chances of the program's success. If this program is to succeed, we must have the wholehearted cooperation of both labor and business. Placing the program under the Department of Commerce, as was provided in the administration's bill, would be just as unacceptable to the labor community as placing it in the Department of Labor would be unacceptable to the business community.

The primary function of the Commerce Department is the promotion of business and commerce. This is not the orientation of this Area Redevelopment Act or of the proposed Area Redevelopment Administration. The purpose of this act is to help correct area unemployment by helping the people in these areas broaden their respective communities' economic base. Business will, of course, prosper from the operation of this bill, as will all other segments of the community. But business' welfare is incidental to the main function of the bill, which is to help correct area unemployment in areas of chronic industrial unemployment and areas of chronic rural underemployment.

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Since one of the two main purposes of the bill is to help solve the pressing problems faced by these rural areas, and the Department of

Commerce is not acquainted with problems of this nature, the committee feels that this is an additional reason for placing this new program under an independent agency.

The administration should be centered in one independent agency with a clear mandate such as this bill provides rather than in a coordinating committee approach under 1 of the 11 interested departments, each of which has other primary functions and responsibilities. It is important that we do not force our communities seeking assistance to shuttle around Washington among the 11, all of whom have parts of this program to administer. Often, we as Congressmen are called upon by our constituents to help out in bringing their problems to the attention of the Government departments concerned. We do not like, any more than they do, being shunted around from one agency to another to obtain attention to their needs. This way lies frustration. In the interest of simplifying administration and giving the communities, regions, and States concerned one place to which they can come with their problems, we felt it essential that the administration be centered in a single, independent agency.

Centering responsibility for the success of this program in a separate agency will not only be a great convenience to the communities to be served, it will also provide one agency and one individual whom the President and the Congress can look to for leadership in helping solve the problem of area unemployment and underemployment in the United States, and one agency and one individual whom they can hold responsible for the administration of this act. One of the bills we had under consideration provided for this great responsibility to be centered in an administrator with a rank equivalent to an Assistant Secretary of the Commerce Department. To head this entire program at the Assistant Secretary level would seriously handicap its chances of success. An Administrator appointed by the President and confirmed by the Senate, as is provided in S. 722, will, assuming that the President appoints an individual of the highest caliber to this position, provide the kind of prestige and leadership which is called for if this program is to succeed.

Taking all these factors into consideration—the need for an agency which can gain the confidence of labor, management, and agriculture; the need for a unified administration that can help stricken communities and regions make a comprehensive attack on their unemployment or underemployment problem; the need for a single, central point to which interested community leaders and their Congressmen can go for attention; the importance of a single Administrator and agency who can be held by the President and Congress responsible for the success of this program; and finally, the prestige that an Administrator appointed by the President and confirmed by the Senate would carry in the executive branch of the Government, as opposed to a mere Assistant Secretary in a department primarily devoted to other objectives—your committee feels that the Congress should establish an independent agency with an Administrator appointed by the President and confirmed by the Senate, rather than placing this great responsibility in any one of the 11 interested departments.

REDEVELOPMENT AREAS

Section 5 of the bill contains the proposed definitions of redevelopment areas.

The industrial redevelopment areas would be those where "there has existed substantial and persistent unemployment for an extended period of time." The Administrator would be required to designate as industrial redevelopment areas those which have suffered 12 percent unemployment during the entire year preceding the application, or 9 percent unemployment during 15 out of the preceding 18 months, or 6 percent unemployment during 18 out of the preceding 24 months. Apart from these mandatory designation requirements, the Administrator may designate any area which in his judgment suffers from serious unemployment of other than a temporary nature.

The definition is intended to direct the benefits of the bill to those industrial areas which are suffering from chronic unemployment, rather than areas which are suffering from nationwide temporary unemployment resulting from a general temporary recession. The provision would give the discretion and flexibility which was recommended by a number of the witnesses at the hearing, and at the same time give reasonably clear guidelines. (For a list of those labor market areas which would automatically be designated as industrial redevelopment areas, see app. A, p. 20.)

The Administrator would define the boundaries of the industrial redevelopment area which he designated. These areas might or might not be the same as the labor market areas used by the Government for other purposes. An industrial redevelopment area might include one or more towns or cities, or it might include a part of a county or municipality.

The Administrator is to designate rural redevelopment areas where—
there exists the largest number and percentage of low-income families and a condition of substantial and persistent unemployment and underemployment.

The Administrator would be required to designate as a rural redevelopment area any county (1) which is among the 500 counties in the United States ranked lowest in level of living of farm-operator families, or (2) which is among the 500 counties in the United States having the highest percentage of commercial farms producing less than \$2,500 worth of products for sale annually. (For a list of those counties which must be designated as rural redevelopment areas, see app. B, p. 23.)

LOANS FOR INDUSTRIAL PROJECTS

Section 6 of the bill provides for two \$75 million revolving funds, one for industrial projects in industrial redevelopment areas, the other for industrial projects in rural redevelopment areas. These revolving funds for loans were provided because witness after witness testified that in these urban and rural areas where unemployment and underemployment have been substantial and persistent, the communities' own resources are not sufficient to make it possible for industrial development to proceed.

This need for capital is related closely to the general need for small-business credit, which has occupied the attention of the Congress for many years. The Small Business Administration is now providing a limited amount of assistance. State business development credit corporations and authorities, and local organizations are seeking to provide equity capital or long-term credit for small businesses. The problems which small business finds in raising capital throughout the country are intensified in areas which have long been suffering from unemployment and underemployment. The local capital frequently has been consumed in previous efforts to start the new business, or in relief measures. Outside capital is doubly reluctant to venture into an area where other industries have suffered and failed; a safer investment elsewhere seems preferable.

Under the bill the Federal loan cannot exceed 65 percent of the project cost. At least 10 percent of the total cost would have to be supplied by the State or local government or by community or area organization, and not less than 5 percent of the total cost would have to be supplied by a nongovernmental source.

It is impossible to predict the kind or number of projects or the number of jobs which will be created by these loans. However, the two \$75 million revolving funds will be sufficient to finance a substantial program which will demonstrate its feasibility and effectiveness. The total capital investment in the projects for which loans are made will be substantially greater than the amount of the Federal loans, by at least 50 percent. Accordingly, the loans authorized in section 6 should generate an initial total public and private expenditure of \$225 million or more. This should have a very substantial effect in providing permanent jobs in areas of chronic unemployment or underemployment. And as these loans are repaid, additional funds will become available for new loans.

Section 6 expressly provides that loans made under it for industrial projects must not be granted to assist establishments relocating from one area to another, when such assistance will result in substantial detriment to the area of original location by increasing unemployment. This provision reflects the declaration of purpose of the act, to create new employment opportunities by developing and expanding facilities and resources without substantially reducing employment in other areas of the United States.

If the proposed transfer of a plant from one area to another will create as much unemployment in the area it leaves as it absorbs in the area it moves into, nothing has been gained from the point of view of the overall economy of the United States. The use of Federal funds for a transfer of this sort would not be justified. Expansion of existing firms in business elsewhere, without at the same time substantially reducing existing employment opportunities, is the aim of this Federal assistance. In an expanding economy ample opportunities can be found to develop the depressed areas without injury to other areas of the country.

ASSISTANCE FOR LOCAL PUBLIC FACILITIES

One of the most common problems facing communities which have experienced chronic economic distress is a lack of public facilities. The loss of revenue and the effect on the community's credit rating often make it impossible to build or maintain adequate public services

and facilities without outside financial assistance. Perhaps the most frequent and most serious deficiency exists in water and sewer facilities.

An adequate supply of water is indispensable to modern industry, and its use is increasing rapidly. The President's special adviser on public works has reported that between 1955 and 1975, the Nation will need to increase its consumption of water by 191 billion gallons a day. It will soon be necessary to use every source of water available, and essential to protect our water supply from pollution. Many communities which now have few economic advantages will become increasingly attractive to industry as the search for water continues.

Because pure water is so important to both personal health and to economic expansion, a community must be prepared to provide an adequate supply if it is to survive and grow. Here, however, it is often faced with a dilemma: how to finance the facilities needed for growth on the basis of the present limited resources. In areas plagued by persistent unemployment, current economic conditions frequently make it impractical to go to the private market for funds because the interest rates which private lenders would demand are too high. Private lenders cannot undertake economic studies of each area which seeks to borrow, and hence they are guided largely by the past. On the other hand, it may well be that such economic studies would give strong reason to believe that if an adequate water supply and other public facilities were available, along with other measures such as are provided for in this bill, business activity would expand, justifying the present investment through the direct taxes that such businesses would pay and the employment that would be generated.

The economic program contemplated in section 6(b)(10) of this bill would provide the basis on which a determination could be made of the future prospects of an area, and the actions which need to be taken.

Economic planning cannot be done in a vacuum. It must take into account available resources and aids as well as the problems to be overcome. It is obvious from the testimony presented to your committee over the past 2 years that obsolete or inadequate public facilities constitute one of the most widespread problems facing depressed areas. Hence, it is necessary that we provide at the outset for assistance to meet this problem, so that those who prepare programs for economic recovery will know the tools they have to work with. Such assistance is an integral part of any meaningful effort to redevelop depressed areas.

The financial assistance needed to overcome this problem is provided for in this bill by authorizing the Area Redevelopment Administration to make loans and grants for public facilities which will contribute to the economic improvement of the area.

Loans for public facilities

Section 7 of the committee substitute establishes a revolving fund from which the ARA Administrator would make loans for the construction, expansion, or improvement of public facilities, or for the purchase or development of land to be used for such facilities. Any State or political subdivision of a State, or any Indian tribe, is eligible to apply under the provisions of the bill. Restrictions are imposed on the use of the funds to insure that these projects are in line with the purposes of this bill, that the loans are sound, and that these facilities will not encroach on existing private utilities.

The amount of \$50 million is authorized for appropriation as a revolving fund from which these loans would be made. The maximum maturity on such loans would be 40 years, and the interest rate would be limited to the average annual rate on all interest-bearing obligations of the United States at the end of the preceding fiscal year, plus one-fourth of 1 percent.

Before making a loan, the Administrator must find that the funds requested are not available to the local authority on equally favorable terms. Moreover, he must determine that the financial resources available, including the loan, are adequate to complete the project (but not in excess of the aggregate cost), and that there is reasonable expectation of repayment. These provisions will prevent the dissipation of the loan funds on projects which should be financed through other means, and also protect the Government from loss.

Any project covered by a loan under this section must be one which will tend to improve the opportunities in the area for the successful establishment or expansion of industrial or commercial plants or facilities. Moreover, the project must be consistent with a program for economic development which the Administrator has approved.

No project could receive assistance if it would compete with an existing privately owned public facility whose rates or charges are subject to State regulation, unless the State regulatory body determined that there is a present or foreseeable need for an increase in the service which the existing utility is unable or unwilling to provide.

Grants for public facilities

The Administrator would be authorized to make grants to assist in the financing of public facilities in redevelopment areas, and the bill authorizes \$35 million to be appropriated for this purpose. As in the case of loans, a project for which a grant is made must be such as to tend to improve the opportunity for industrial or commercial expansion, and must be consistent with the economic program for the area provided for in section 6(b)(10). Also, no facility could be aided by a grant if it competed with a private utility unless the State regulatory body having jurisdiction determined that the project was needed. It is further provided that, to be eligible for a grant, the project must fill a pressing need in the area, and that there is little probability that it could be undertaken without the assistance of the grant.

The committee substitute also provides that the Administrator may undertake studies to determine the need and probable cost of public facilities in redevelopment areas, and any State or political subdivision, or any Indian tribe, may present a proposal for a needed project. The applicant is required to contribute to the cost of the project in proportion to its ability to do so, and the amount of the grant is limited to the difference between such funds as can be practically obtained for other sources (including loans under the bill), and the amount necessary to insure completion of the project. The Administrator is directed to provide for supervision of the execution of any project for which a grant is made to insure that the funds are not wasted or dissipated.

Taken together, the loans and grants provided for in this bill are a key element in any overall program to revive the economic well-being of areas which are now, for one reason or another, subject to chronic unemployment.

TECHNICAL ASSISTANCE

The Administrator would be authorized to provide technical assistance to the redevelopment areas, including studies evaluating the needs of and developing potentials for economic growth for such areas. Such assistance could be provided by the personnel of the new administration or by private groups under contract. Appropriations up to \$4.5 million annually are authorized for this program.

The sound redevelopment of a depressed area should be based on careful planning. Early in the program, a technological audit should be made to determine the types of economic activity which would contribute to sound and lasting growth.

A well-planned and carefully executed technological audit should show how the resources of an area could be put to their optimum use. The audit would not be limited to natural resources, although the best use of these should be carefully explored. Recent experiments in the use of coal as a raw material for the chemical industry and in the development of synthetic fuels hold much promise for a revival of the coal industry in some areas currently depressed. Instead of mining coal to be shipped to industrial centers as fuel, however, various types of chemical plants could be attracted to the coalfields since there would be substantial weight loss in the extraction of synthetic gases and chemicals from coal. Experimental work along these lines is now in progress. It could be hastened, however, by financial and technical assistance to labor surplus coal areas.

Some depressed areas are poorly endowed with natural resources, however, and in others basic resources have been largely depleted. How would a technological audit benefit these areas? Here the problem would be to discover the locational advantages of these communities for various types of processing, fabricating, and research activities. Specialists in industrial location could help determine the advantages which such locations have to offer to expanding industries. Their analysis would be based on long-term fundamental advantages, and not short-term inducements, often artificially created.

Businesses now operating in depressed areas could be encouraged to expand. Many types of specialists could assist in this. Industrial engineers, cost accountants, marketing specialists and others could assist small firms to increase their efficiency and to develop new products and services.

URBAN RENEWAL AND PLANNING AID

Sections 13 and 14 of the bill would make available certain Federal aids under existing programs administered by the Housing and Home Finance Administrator in order to facilitate the industrial development of communities in areas of substantial and persistent unemployment.

Section 13 would amend title I of the Housing Act of 1949, as amended, by adding a new section 112 which would make available urban renewal benefits under that act to a community when the Area Redevelopment Administrator designates the area in which the community is located as an industrial redevelopment area, and certifies that there is a reasonable probability that with the assistance provided under the bill and other aids, the area will be able to achieve more than temporary improvement in its economic development.

The addition of this new section 112 is necessary to eliminate certain restrictive provisions in the urban renewal program which would otherwise impede efforts to improve the economic development of the locality. For example, under section 110(c) of the Housing Act of 1949, as amended, it is required that project areas be predominantly residential uses. This limitation would be removed under the new proposed section 112 by making financial assistance available under the act for industrial development or redevelopment in project areas notwithstanding residential limitations in section 110(c) of the act. The amendment would also authorize financial assistance to industrial redevelopment areas by making eligible for rehabilitation a project area involving primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area. As thus amended, title I of the Housing Act of 1949 would authorize financial assistance, in appropriate cases, to make available suitable cleared sites for industrial and commercial development and to permit industrial and commercial rehabilitation. The availability of good building sites at reasonable prices is a prime consideration in business decisions to locate or expand in an area. Under this amendment private enterprise would have an opportunity to acquire building sites for industrial development at their fair value. Coupled with the other benefits provided in this bill, the financial assistance made possible by the amendment to title I of the Housing Act of 1949, should materially assist in the establishment of stable and diversified local economies and help to create new employment in industrial redevelopment areas.

This section of the bill would also provide for two other amendments to the existing provisions of title I of the Housing Act of 1949 to adapt the benefits of that act more effectively to the broad purposes of this bill. At present, land acquired for a project area must be disposed of for immediate development. Under the provisions of section 13 of the bill this requirement for disposition for immediate development would be changed so that land designated for industrial use could be conveyed to any public agency or nonprofit corporation at fair value and the public agency or nonprofit corporation could hold the land for subsequent disposition as promptly as possible in accordance with the urban renewal plan. The purchaser or lessee from the public agency or nonprofit corporation would however be required to use the land solely for the uses approved in the urban renewal plan in conformity with the requirements of section 105(b) of the act. This amendment should provide greater flexibility to the locality to obtain the type of industries which would best serve its purposes.

Once a contract is executed under the new section 112 the contract would remain in force until completion of the project even if it is later determined that the area may no longer be an industrial redevelopment area. This amendment would insure continuity of the development of the project area without fear that a later change in circumstances would make Federal financial assistance unavailable.

Up to 10 percent of the funds authorized for capital grants under title I of the Housing Act of 1949 after January 1, 1959, could be made available for projects in industrial redevelopment areas as defined in this bill.

Section 14 of the bill would make the planning advances provided by section 701 of the Housing Act of 1954 available to all counties, cities, or other municipalities in industrial redevelopment areas without regard to the population limitation otherwise applicable. That section of the 1954 act now generally excludes the larger communities, i.e., those over 25,000 population.

WORKER RETRAINING

In areas where the principal industry has left or is obsolete, or where the area never reached an advanced state of development, it will be important to provide vocational training and retraining for the people of the area. Developing new industries in the area will accomplish little, and will, in fact, be impossible, unless the available labor can meet the needs of the industry. Accordingly, the Secretary of Labor is authorized to make studies of the skills and other characteristics of the labor force in any redevelopment area. He is also authorized to provide assistance in developing a program to improve the utilization of such a labor force. Finally, S. 722 authorizes the Secretary of Labor, if he finds a need for vocational education in a redevelopment area, to assist in determining the vocational training needs of unemployed individuals residing in the area and to notify the Secretary of Health, Education, and Welfare of such needs. The Secretary of Health, Education, and Welfare may then provide assistance, including financial assistance where necessary, to the State boards for vocational education in the provision of such services in the area. The sum of \$1.5 million annually is authorized to be appropriated for this purpose.

In order to enable unemployed persons to get the benefits of this training the bill also provides that the Secretary of Labor may make weekly retraining payments, through State agencies, to unemployed persons in the redevelopment areas, of 13 weeks at the average weekly unemployment compensation rate in that State, but limited to those not receiving unemployment compensation. An appropriation of \$10 million is authorized for retraining subsistence payments.

Your committee believes that the cost of retraining payments should be borne by the Federal Government because the local communities in depressed areas are financially unable to shoulder this burden.

PROPOSAL FOR DEVELOPMENT OF "UNDERDEVELOPED REGIONS"

During the hearings, your committee received testimony from the Eastern Kentucky Regional Planning Commission favoring the designation of "underdeveloped regions" for assistance as well as depressed areas. It was pointed out that in some instances, basic developmental needs are regional and multistate in character, including such regional facilities as highways, water transportation, flood control and water supply.

While your committee feels that the principles embodied in the proposed amendments are too broad and far reaching to permit inclusion in the bill, it is also felt that the suggestions deserve careful consideration and study in relation to future treatment of the national economy:

APPENDIX A. TENTATIVE LIST OF INDUSTRIAL AREAS THAT MAY QUALIFY FOR FEDERAL ASSISTANCE UNDER S. 722 AS REPORTED TO THE HOUSE

(Supplied by Department of Labor)

Major Areas, May 1959 (Total, 32 Major Areas)

Connecticut:	Michigan—Con.	Pennsylvania—Con.
Bridgeport ¹	Grand Rapids	Pittsburgh ¹
Waterbury ¹	Muskegon	Reading ¹
Indiana:	New Jersey:	Scranton
Evansville	Atlantic City	Wilkes-Barre
Terre Haute	New York:	York ¹
Kentucky:	Utica-Rome	Rhode Island:
Louisville ¹	North Carolina:	Providence
Massachusetts:	Asheville	Tennessee:
Fall River	Durham	Chattanooga
Lawrence	Ohio:	Knoxville
Lowell	Lorain-Elyria ¹	West Virginia:
New Bedford	Pennsylvania:	Charleston
Michigan:	Altoona	Huntington-
Detroit	Erie	Ashland
Flint ¹	Johnstown	Wheeling-
		Steubenville ¹

¹ These areas added to listing dated Mar. 18, 1959 (filed during hearings), on basis of review of unemployment experience in January and March 1959.

NOTE.—This listing is preliminary and tentative, and is based on bimonthly data compiled from area labor market reports prepared in connection with the Bureau of Employment Security's program for the classification of areas according to relative adequacy of labor supply. Data used cover a 2-year period ending March 1959. A more comprehensive review of area data on a monthly—rather than bimonthly—basis, and in the light of whatever criteria may be included in the bill finally enacted, would be required to determine which areas are eligible for assistance as areas with substantial and persistent unemployment.

NOTE.—Major areas are areas included in the Bureau of Employment Security's regular area labor market reporting and classification program. This program covers 149 of the country's leading employment centers. Unemployment and labor force data for these areas are generally available on bimonthly basis.

Smaller areas, March 1959 ¹

ALABAMA

Alexander City	Florence-Sheffield	Jasper
Anniston	Gadsden	Talladega ²

ALASKA

Anchorage

CONNECTICUT

Bristol	Danielson	Norwich ²
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GEORGIA

Toccoa

ILLINOIS

Centralia	Herrin-Murphysboro-	Litchfield
Harrisburg	West Frankfort	Mount Carmel-Olney
		Mount Vernon

INDIANA

Connersville	Muncie	Richmond
Michigan City-	New Castle	Vincennes
La Porte		

See footnotes at end of table, p. 22.

*Smaller areas, March 1959*¹—Continued

KANSAS

Coffeyville-Independence-Parsons	Pittsburg
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KENTUCKY

Corbin	Madisonville	Paducah
Frankfort	Middlesboro-Harlan	Paintsville-Prestonsburg
Hazard	Morehead-Grayson	Pikeville-Williamson
Hopkinsville	Owensboro	

MAINE

Biddeford-Sanford	Lewiston
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MARYLAND

Cumberland	Westminster
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MASSACHUSETTS

Milford	Southbridge-Webster ²	Taunton
North Adams		

MICHIGAN

Adrian	Ionia-Belding-Green-ville	Marquette
Bay City	Iron Mountain	Monroe
Benton Harbor ²	Jackson	Owosso
Escanaba		Port Huron

MISSOURI

Joplin

MONTANA

Butte	Kalispell
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NEW JERSEY

Bridgeton	Long Branch
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NEW YORK

Amsterdam	Batavia	Newburgh-Middle-
Auburn	Gloversville	town-Beacon

NORTH CAROLINA

Fayetteville	Rockingham-Hamlet	Shelby-Kings Moun-
Kinston	Rutherfordton-Forest	tain
Mount Airy	City	

OHIO

Cambridge	Portsmouth-Chilli-	Springfield
East Liverpool-Salem	cothe	

See footnotes at end of table, p. 22.

*Smaller areas, March 1959*¹—Continued

OKLAHOMA

McAlester

OREGON

Coos Bay

Pendleton

PENNSYLVANIA

Berwick-Bloomsburg
Butler
Clearfield-DuBois
Lewistown

Lock Haven
Pottsville
Sayre-Athens-
Towanda

Sunbury-Shamokin-
Mount Carmel
Union-Connellsville
Williamsport

RHODE ISLAND

Newport

TENNESSEE

Bristol-Johnston City-
Kingsport

La Follette-Jellico-
Tazewell

TEXAS

Laredo

Texarkana

VERMONT

Springfield

VIRGINIA

Big Stone Gap-
Appalachia

Radford-Pulaski

WASHINGTON

Aberdeen
Anacortes

Bellingham
Everett

Olympia
Port Angeles

WEST VIRGINIA

Beckley
Bluefield
Fairmont
Logan

Morgantown
Point Pleasant-
Gallipolis

Ronceverte-White
Sulphur Springs
Welch

¹ Smaller areas: Areas with a labor force of 15,000 or more which are officially classified as "smaller areas of substantial labor surplus" by the Bureau of Employment Security. Data for such areas are generally available on a semiannual basis. Information for smaller areas which are not classified, or for areas with a labor force of less than 15,000, is not available in Washington on a consistent basis.

² Borderline.

NOTE.—This listing is preliminary and tentative, and is based largely on bimonthly or semiannual data compiled from area labor market reports prepared in connection with the Bureau of Employment Security's program for the classification of areas according to relative adequacy of labor supply. Data used cover a 2- to 5-year period extending through the closing months of 1958; early 1959 data, now becoming available for some areas, could result in several changes in the above listing. A more comprehensive review of area data on a monthly—rather than bimonthly or semiannual—basis, and in the light of whatever criteria may be included in the bill finally enacted, would be required to determine which areas are eligible for assistance as areas with substantial and persistent unemployment.

Source: U.S. Department of Labor, Bureau of Employment Security, Office of Program Review and Analysis, Washington, D.C.

APPENDIX B. LIST OF COUNTIES WHICH MUST BE DESIGNATED AS RURAL REDEVELOPMENT AREAS

ALABAMA

Autauga	Elmore	Marion
Barbour	Escambia	Marshall
Bibb	Etowah	Monroe
Blount	Fayette	Montgomery
Bullock	Franklin	Morgan
Butler	Geneva	Perry
Chambers	Greene	Pickens
Chilton	Hale	Pike
Choctaw	Henry	Randolph
Clarke	Houston	Russell
Clay	Jackson	Sumter
Coffee	Lamar	St. Clair
Conecuh	Lawrence	Tallapoosa
Coosa	Lee	Tuscaloosa
Covington	Limestone	Walker
Crenshaw	Lowndes	Washington
Cullman	Macon	Wilcox
Dallas	Marengo	Winston
De Kalb		

ARKANSAS

Ashley	Hempstead	Ouachita
Baxter	Howard	Perry
Boone	Independence	Phillips
Bradley	Izard	Pike
Calhoun	Jefferson	Polk
Chicot	Johnson	Pope
Clark	Lafayette	Randolph
Clay	Lawrence	St. Francis
Cleburne	Lee	Scott
Cleveland	Lincoln	Searcy
Columbia	Little River	Sebastian
Conway	Logan	Sevier
Crittenden	Lonoke	Sharp
Dallas	Madison	Stone
Desha	Marion	Union
Drew	Miller	Van Buren
Faulkner	Monroe	White
Fulton	Montgomery	Woodruff
Grant	Nevada	Yell
Greene	Newton	

FLORIDA

Baker	Jackson	Okaloosa
Calhoun	Jefferson	Suwannee
Gilchrist	Lafayette	Union
Hamilton	Leon	Walton
Holmes	Madison	Washington

GEORGIA

Appling	Evans	Oglethorpe
Atkinson	Fannin	Pierce
Bacon	Fayette	Quitman
Baker	Glascock	Rabun
Baldwin	Gilmer	Randolph
Brantley	Greene	Rockdale
Brooks	Hancock	Screven
Bryan	Haralson	Stewart
Burke	Hart	Taliaferro
Butts	Harris	Tattnall
Carroll	Heard	Taylor
Charlton	Henry	Telfair
Chattooga	Jasper	Towns
Clay	Jeff Davis	Treutlen
Clayton	Johnson	Twiggs
Clinch	Lamar	Union
Coffee	Lanier	Walker
Coweta	Liberty	Warren
Crawford	Lincoln	Washington
Date	Long	Wayne
Decatur	Marion	Wheeler
Dodge	Meriwether	White
Douglas	Montgomery	Wilcox
Early	Murray	Wilkes
Echols	Newton	Wilkinson
Elbert		

ILLINOIS

Hardin	Johnson	Pope
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KENTUCKY

Adair	Grayson	McCracken
Allen	Graves	Metcalfe
Breathitt	Green	Monroe
Breckinridge	Greenup	Morgan
Butler	Hopkins	Ohio
Carter	Jackson	Owsley
Casey	Johnson	Pike
Clay	Knox	Powell
Clinton	Laurel	Pulaski
Cumberland	Lawrence	Rockcastle
Crittenden	Lee	Rowan
Edmonson	Lewis	Russell
Elliott	Magoffin	Wayne
Estill	Marshall	Whitley
Floyd	Menifee	Wolfe

LOUISIANA

Avoyelles	Franklin	St. Helena
Bienville	Grant	St. Landry
Beauregard	La Salle	Union
Caldwell	Lincoln	Vernon
Catahoula	Livingston	Webster
Claiborne	Morehouse	West Carroll
Concordia	Natchitoches	West Feliciana
De Sota	Red River	Winn
East Feliciana	Richland	
Evangeline	Sabine	

MICHIGAN

Iron	Alcona	Iosco
Wexford	Clare	

MINNESOTA

Itasca	Aitkin
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MISSISSIPPI

Adama	Jasper	Pontotoc
Alcorn	Jefferson	Prentis
Amite	Jefferson Davis	Quitman
Attala	Jones	Rankin
Benton	Kemper	Scott
Bolivar	Lafayette	Sharkey
Calhoun	Lamar	Simpson
Carroll	Lauderdale	Smith
Chickasaw	Lawrence	Sunflower
Choctaw	Leake	Tallahatchie
Claiborne	Lee	Tate
Clarke	Leflore	Tippah
Clay	Lincoln	Tishomingo
Coahoma	Lowndes	Tunica
Copiah	Madison	Union
Covington	Marion	Washington
De Sota	Marshall	Walthall
Franklin	Monroe	Warren
George	Montgomery	Wayne
Greene	Neshoba	Webster
Grenada	Newton	Wilkinson
Hinds	Noxubee	Winston
Holmes	Oktibbeha	Yalobusha
Humphreys	Panola	Yazoo
Issaquena	Perry	
Itawamba	Pike	

MISSOURI

Bollinger	Madison	Stone
Butler	Oregon	Taney
Carter	Ozark	Vernon
Dent	Reynolds	Washington
Douglas	Ripley	Wayne
Howell	Shannon	Wright
Iron		

NEW MEXICO

Mora	San Miguel	Socorro
Rio Arriba	Sierra	

NORTH CAROLINA

Alexander	Davidson	Pender
Alleghany	Duplin	Person
Anson	Graham	Polk
Ashe	Halifax	Rutherford
Avery	Haywood	Scotland
Bladen	Hyde	Stanly
Buncombe	Jackson	Swain
Brunswick	Lincoln	Transylvania
Burke	McDowell	Tyrrell
Caswell	Macon	Washington
Catawba	Madison	Warren
Cherokee	Mitchell	Watauga
Clay	Montgomery	Wilkes
Cleveland	New Hanover	Yancey
Columbus	Onslow	

OHIO

Gallia	Guernsey	Noble
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OKLAHOMA

Adair	Haskell	Okfuskee
Atoka	Hughes	Okmulgee
Cherokee	Latimer	Pittsburg
Choctaw	LeFlore	Pushmataha
Coal	Lincoln	Seminole
Creek	McCurtain	Sequoyah
Delaware	McIntosh	

SOUTH CAROLINA

Abbeville	Dorchester	Lee
Allendale	Edgefield	Lexington
Anderson	Fairfield	McCormick
Barnwell	Greenwood	Newberry
Beaufort	Georgetown	Oconee
Berkeley	Greenville	Orangeburg
Charleston	Hampton	Pickens
Cherokee	Horry	Saluda
Chester	Jasper	Spartanburg
Chesterfield	Kershaw	Union
Clarendon	Lancaster	Williamsburg
Colleton	Laurens	York

TENNESSEE

Anderson	Hardin	Perry
Benton	Hawkins	Pickett
Bledsoe	Haywood	Polk
Blount	Hickman	Putnam
Campbell	Houston	Rhea
Cannon	Humphreys	Roane
Carroll	Jackson	Rutherford
Carter	Jefferson	Scott
Claiborne	Johnson	Sevier
Clay	Lauderdale	Sequatchie
Cocke	Lawrence	Smith
Cumberland	Lewis	Stewart
Decatur	Lincoln	Sullivan
De Kalb	Loudon	Sumner
Dickson	McMinn	Unicoi
Fayette	McNairy	Union
Fentress	Macon	Van Buren
Giles	Madison	Washington
Grainger	Marion	Warren
Greene	Meigs	Wayne
Grundy	Monroe	White
Hamblen	Moore	Wilson
Hancock	Morgan	
Hardeman	Overton	

TEXAS

Angeline	Henderson	Red River
Anderson	Houston	Robertson
Bastrop	Lavaca	Rusk
Bowie	Leon	Sabine
Burleson	McMullen	San Augustine
Camp	Madison	San Jacinto
Cass	Marion	Somervell
Cherokee	Morris	Titus
Duval	Newton	Upshur
Franklin	Panola	Trinity
Freestone	Polk	Walker
Harrison	Rains	Wood

VIRGINIA

Alleghany	Floyd	Mecklenburg
Appomattox	Fluvanna	Patrick
Bath	Grayson	Prince Edward
Bedford	Greene	Russell
Buchanan	Greensville	Scott
Buckingham	Halifax	Tazewell
Carroll	Henry	Washington
Charlotte	Highland	Wise
Craig	Lee	York
Dickenson	Lunenburg	

WEST VIRGINIA

Brooke	Lincoln	Randolph
Barbour	Mason	Ritchie
Braxton	Marion	Roane
Cabell	Mercer	Summers
Calhoun	Monongalia	Taylor
Clay	Monroe	Tucker
Doddridge	Nicholas	Tyler
Fayette	Pleasants	Upshur
Gilmer	Pocahontas	Wayne
Harrison	Preston	Wetzel
Jackson	Putnam	Wirt
Kanawha	Raleigh	Wood
Lewis		

MINORITY VIEWS

INDUSTRIAL AREAS

This depressed areas bill calling for five times the expenditures requested by the President (\$251 million versus \$53 million) actually will do less for the chronically depressed industrial areas than the proposal of the administration.

The committee bill with its \$75 million industrial plant loan fund can finance up to 65 percent of the cost of plant and equipment. On that basis the \$75 million of Federal funds will generate a total of \$115 million of plant and equipment investment. The administration bill with a \$50 million industrial plant loan fund, but used on a 35 percent Federal participation basis, will generate \$143 million of plant investment. Hence, there will be more plant and more jobs for industrial depressed areas under the administration's bill, H.R. 4278.

The financing for an industrial project contemplated under the committee bill is 10 percent local, 65 percent Federal, and 25 percent private. Under the administration bill the percentages are 15 percent local, 35 percent Federal, and 50 percent private. Under either bill, the private financing could be secured by a first mortgage ranking the private debt ahead of the combined local and Federal financing in claim on property. Obviously, the Federal financing is excessive under the committee bill. If the project can't attract private financing secured by a first mortgage on a 50 percent-of-value basis, the chances are the project is so unsound it ought not to be undertaken. As a matter of fact several communities, and some of them small ones, have demonstrated their ability to attract plants to their localities in a rather unique and interesting manner without the necessity for any Federal financing. The device used is for the community to build a plant, and in some cases partially equip it with machinery and use revenue-bond financing to obtain funds from the private market to cover the costs of the plant. Florence, Ala., a city of 33,051 population; Bowling Green, Ky., 18,404 population; Danville, Ky., 8,650 population; and Paris, Ky., population 6,901 have all used this revenue-bond financing device to provide city-owned industrial plant facilities.

The most recent use of the device which has come to our attention is Mayfield, Ky., which is a part of the Paducah, Ky., labor market area which is classed as a depressed area. Mayfield sold a \$9.5 million issue of industrial building revenue bonds in the middle of April of this year, less than a month ago, at a net interest cost of 4.71 percent. This revenue bond issue is payable as to principle and interest solely from revenues derived from lease of the facilities to the General Tire & Rubber Co. for a period of 20 years. These revenue bonds do not constitute an indebtedness of the city of Mayfield within the meaning of the constitution of Kentucky and the city is not obligated to pay the principal and interest upon these revenue bonds except from the

revenues and rental income derived from the industrial building project. To get some idea of the importance of this undertaking to Mayfield it may be noted that the city presently has an estimated population of 10,500 people. The assessed value of all property in the city as of 1957 amounted to only \$10,241,000. In other words, the city is going to receive a new facility costing almost as much as its entire present assessed valuation and will do this on a basis of financing whereby the costs will be paid by rental income received from a large industrial corporation. Upon completion, the Mayfield plant will employ an estimated 1,000 workers. The investment in plant and equipment amounts to \$9,500 per worker.

General Tire & Rubber Co., the lessee, is a \$276 million corporation ranking as the fifth largest domestic rubber fabricator. Presently, the company has two tire manufacturing plants in the United States; one in Akron, Ohio, with 827,000 square feet of floor space, and the other in Waco, Tex., with 803,000 square feet. This new plant at Mayfield, Ky., which is to be devoted to tire manufacture, will contain approximately 400,000 square feet of floor space. Currently, long-term credit of the General Tire & Rubber Co. is selling at a price to yield more than the net interest cost the city had to pay. Hence, for the company to obtain a lease on a basis reflecting the 4.71 percent net interest cost of Mayfield in selling the bonds, is an attractive deal for the company. Furthermore, inasmuch as the plant is owned by the community, it may be assumed that there will be no local real-estate taxes against the plant which further enables the city to offer an attractive rental to General Tire & Rubber Co.

Small communities, acting with ingenuity within the powers they now possess, such as right of condemnation to acquire a site, sale of tax-exempt securities, and freedom from local property tax, can put together a financing deal that will bring industry to them assuming, of course, that the community and the State has an investment climate attractive to industry and that there are other sound business reasons for a business locating there.

Another important reason why the committee bill will not do as much for the chronically depressed industrial areas as the administration proposal is that the committee bill will diffuse the assistance provided into certain areas suffering temporary rather than hard-core unemployment. This results from the mandatory requirement in the committee bill that the Administrator designate areas for the special assistance, under unemployment criteria which are faulty in concept. For instance under the committee bill it would be mandatory that Detroit be labeled a depressed area and Detroit alone on a pro rata basis could receive 25 percent of the assistance provided for industrial areas. Under the administration bill the Secretary of Commerce would not be required to designate already highly industrialized Detroit as a depressed area even though it was "eligible" because of a high rate of unemployment. The 25 percent of the assistance that would go to Detroit under the committee bill could be channeled under the administration bill to the areas which really have chronic unemployment problems such as Johnstown, Pa.; Middlesboro-Harlan, Ky.; or Beckley, W. Va. Actually, under the committee bill, Detroit could get all of the assistance because there are no restrictions to prevent it.

Section 5(a) of the bill sets forth criteria under which the Administrator upon request has no choice but to declare an area an industrial redevelopment area if there is unemployment of

- (1) 12 percent for 12 months, or
- (2) 9 percent for 15 out of 18 months, or
- (3) 6 percent for 18 out of 24 months.

That mandatory requirement puts the Administrator in a straitjacket. He cannot use commonsense in administering the act. If Atlantic City, N.J., wants to come under the act, the Administrator will have no choice but to include it because it would qualify under the criteria. The Administrator will have to close his eyes to the fact that Atlantic City is primarily a seashore resort catering to a large transient population; that its normal population of about 60,000 expands during the summer season to from 250,000 to 400,000 people. The bill is supposed to assist chronically depressed areas which have lost their economic base. The Administrator ought to be free to confine assistance to areas which in fact are areas which have lost their economic base.

Use of flat percentage unemployment criteria such as the above disregards the fact that our economy is not a static economy. The level of unemployment and the national percentage of unemployment have varied widely over the years and undoubtedly will continue to do so. Flat percentage tests coupled with mandatory recognition in a fluctuating economy could bring in so many areas as to make this program almost meaningless for the chronically depressed areas because of the resultant dilution of the assistance provided.

Here is another odd result of mandatory classification based on past conditions. Take an area which has had 6 to 7 percent unemployment continuously for the past 24 months. Application is made for assistance. It has to be declared an eligible area because it meets the criteria in (3) above. Then in the next month unemployment drops to 4½ percent and in the following month to 3 percent and stays at that level for the following 4 months. All during that new 6-month period it would be an eligible area even though its unemployment problems were past. Although there is an eligibility termination provision in section 12, it could not be operative until the 30th month in this period had passed. Until that time the area would show 6 percent or more unemployment for 18 out of 24 months. This is not just an academic case. Under this bill Kinston, N.C., with unemployment of 4.5 percent would be a depressed area and yet the seasonally adjusted rate of unemployment for the Nation as a whole as of March was 5.8 percent. The criteria and mandatory requirement of the committee bill simply are wrong.

Probably all the speeches that will be made in the House in support of this legislation will cite unemployment figures in one or more industrial areas as justification of need for the legislation. And yet no Member can say with assurance that the figures cited for industrial areas, have any meaning whatsoever as far as operation of this bill is concerned. This is true because of a defective definition of "redevelopment area" which is found in section 5(e). A redevelopment area "* * *" may include one or more counties, or one or more municipalities, or a part of a county or municipality." Since "industrial area" is not defined the Administrator could make the term "redevelopment area" mean almost anything he might care to choose. Clearly "a part of a county or municipality" could be one city block or for that matter,

one plant in a city block. Furthermore, industrial areas which would seem to qualify under the mandatory designation criteria could be linked with other industrial areas in such a manner as to dilute the showing of unemployment and thus make the combined industrial redevelopment area ineligible. This is clearly possible under the language stating the redevelopment area "may include one or more counties, or one or more municipalities." Under the definition the Administrator could designate untold thousands of industrial redevelopment areas or he could go to the other extreme and limit the number to a handful since these pockets of chronic unemployment exist notwithstanding generally prosperous conditions. We do not think the Congress would want to grant such loose authority but there it is, in the bill.

RURAL AREAS

The committee bill contains a rural \$75 million plant loan fund which through some undisclosed magic is supposed to substitute industry for farming in rural areas. The only thing clear about that proposal is that when you divide the fund by the 663 counties which the Administrator would have to designate as rural depressed areas, you come up with only 23 new jobs per county; assuming the proposal could be made to work. Obviously this rural phase is just a "gimmick" to try and show broad need and attract more widespread support for the bill. This is a poor substitute for a better farm program in the rural areas.

Look at the list of rural counties which would have to be declared so-called depressed areas and you will find yourself saying "Is it true what this bill would say about Dixie." The list includes 55 of the 67 counties in Alabama, 59 of the 75 counties in Arkansas, 15 of the 67 counties in Florida, 76 of the 159 counties in Georgia, 28 of the 64 parishes in Louisiana, 76 of the 82 counties in Mississippi, 44 of the 100 counties in North Carolina, 36 of the 46 counties in South Carolina, 70 of the 90 counties in Tennessee, 36 of the 254 counties in Texas, and 29 of the 98 counties in Virginia. Out of the 663 total mandatory depressed area counties, 524 would be in Dixieland. We just do not believe that makes common sense. Very obviously something is drastically wrong with the rural criteria at least as far as Dixie is concerned.

Other mandatory rural depressed areas would be: 3 of the 102 counties in Illinois, 45 of the 120 counties in Kentucky, 5 of the 83 counties in Michigan, 2 of the 87 counties in Minnesota, 19 of the 114 counties in Missouri, 5 of the 32 counties in New Mexico, 3 of the 88 counties in Ohio, 20 of the 77 counties in Oklahoma, and 37 of the 55 counties in West Virginia.

Members from States with a high proportion of rural counties scheduled for the mandatory depressed area label, particularly ought to take a careful look at section 6(c), which relates to Washington-appointed local committees. If there is no State or local development planning agency in the county, the Washington Administrator can move in and appoint a local committee to decide who can and who cannot send in an application for assistance. Most rural counties probably do not have a planning development agency so they would be the fertile territory for the exercise of this rather unusual bureaucratic power. It seems to us that it could cut right across States rights and in

fact is even a bit foreign to the American system. As a matter of fact we hope all members will take a good hard look at this local committee proposal. We do not want any part of this local committee set up.

COMMUNITY FACILITIES

The committee bill contains a \$50 million loan fund and a \$35 million grant authorization for construction of public facilities in depressed areas. The loan could be for a 40-year term and the interest rate formula works out to a 2½-percent interest rate which compares with the 4 percent the Government has to pay to borrow the funds with which to make these loans. Almost any kind of loan or grant could be made so long as it "will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities."

Instead of just assuming that a so-called depressed area was in such bad financial shape that it could not borrow on the private market to get funds for needed community facilities, we decided to look at the record. We obtained a list of the municipal financing done last year by the industrial communities which would be mandatory depressed areas under the bill. The list appears as appendix to this report. It is both informative and amazing.

The list shows that 75 industrial depressed area communities, which would qualify under this bill, sold 164 bond issues in the private market, totaling \$152 million. The list is by no means inclusive for the reason the check was made only on the basis of the communities named in the title of the eligible labor market area. Frequently a labor market area includes several communities other than the one or those included in the name of the labor area. Also, many times there are overlapping municipal entities which do not include in their name the name of the principal municipality. However, even this incomplete list shows bond sales by depressed area communities during last year in an amount over three times the amount of the municipal facility loan authorization provided in this bill. Can it be the private investment market doesn't know these are depressed areas, or might it not be that no matter what we label them under this bill the investment market looks upon them as ordinary American communities with most of their labor forces employed. After all, the reciprocal of 6-percent unemployment is 94-percent employment, which would seem to offer quite a respectable basis for credit. As you will note from the table, community after community was financing at a net interest cost under that of the Federal Government. Yet this bill would have the Federal Government borrowing at 4 percent to relend to them at 2½ percent, and that doesn't make much sense.

Examination of the purpose of the financing by these depressed area communities reflects the type of community facilities which these communities desired. The list includes: Street, sewer, water, school, hospital, electric, gas, library, airport, port, swimming pool, industrial building, public buildings of various kinds, recreation center, park and civic center. Applications under a Federal loan program would probably be of a similar nature, because by their actions this is what these communities said they needed and went to the private market and financed. Probably in every case the community would maintain these improvements "will tend to improve the opportunities in

such area for the successful establishment or expansion of industrial or commercial plants or facilities" and that is the test of eligibility provided in the bill. Of course, a cantankerous Federal administrator might jump all over a community such as Evansville, Ind., for selling a \$400,000 bond issue to construct a swimming pool. This issue was sold on April 2, 1958. The bureaucrat could shake his finger and thunder at the city fathers, "Don't you know you are a depressed area?" They might be brash enough to reply, "Who said so?" and then follow up with, "After all, we sold that 17-year serial maturity issue at a net interest cost of 2.387 percent. What does your Federal credit sell for?" After checking, the bureaucrat would find comparable maturities of Federal credit on that date were selling to yield 2.80 percent interest return. Is the kettle calling the pot back?

Most of the community facility borrowing purposes listed above are normal for the ordinary community. Pick up any chamber of commerce or industrial planning commission brochure of any community that is selling itself to industry and you will find many of these facilities discussed. One that is always emphasized is schools. It would seem logical to expect that a school would be the type of community facility most adaptable for use in the rural depressed areas, which as has been previously noted are concentrated so heavily in the South.

RETRAINING SUBSISTENCE PAYMENTS

This committee bill contains \$10 million for retraining subsistence payments. The District of Columbia and State of Michigan unemployment insurance laws now contain provisions which authorize the payment of benefits to persons undergoing full-time vocational training. However, these provisions have not been used in the District of Columbia and the little they have been used in Michigan has been mostly for disabled trainees. This \$10 million would take care of only 1 out of 32 of the unemployed in the industrial depressed areas alone. The bill is silent on how the favored few would be chosen. Obviously this provision is either a cruel fraud on the unemployed or a gigantic come-on if its highly discriminatory application is later to be corrected. Last year a similar proposal, but with an open-end authorization, was knocked out of the bill on the floor of the House.

UNRESOLVED JOB AND COMPETITION PROBLEMS

Both the committee and administration bills give lip service to the proposition that Federal funds should not be used to relocate plants and benefit one area to the detriment of another area. The policy declaration of the committee bill states—

new employment opportunities should be created by developing and expanding new and existing facilities and resources without substantially reducing employment in other areas of the United States.

The administration bill's policy declaration states—

new employment opportunities should be created rather than merely transferred from one community to another.

However, in the operative provisions relating to loans in both bills appears the identical statement that loan assistance shall not be

granted "to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment." The combination of policy and operative directives of the administration bill is a stronger plant antipirating provision than that contained in the committee bill, but clearly an undetermined amount of plant pirating is contemplated under either bill. If the intention was otherwise, it could be handled very easily by flatly prohibiting any loans to assist establishments relocating from one area to another. We do not think Federal loan funds should be used to promote runaway plants.

In most cases of plant assistance a competitive factor is involved which has received far too little attention and upon which the committee bill offers no protection whatsoever. The committee bill sets the Federal loan interest rate under a formula which in effect means the interest rate cannot ever exceed the prime loan rate, which in the open market is enjoyed by only the larger and best industrial credits. Interest rates which smaller companies and less attractive credit risks have to pay invariably are higher, and in many cases substantially so, than the prime loan rate. Now take the case of an existing small plant with 100 employees in a depressed area. Say it is processing a low-grade natural resource of which there is an abundant supply in the region. It is an older plant but its management, with considerable ingenuity, is replacing obsolete machinery even though its financing costs are 6 percent and times are tough. Assume it is a depressed area without a local planning group so the Administrator in Washington appoints a local committee. Then a competitor comes along willing to set up a 150-employee new branch operation attracted by the fact that in this distressed area he has a chance to get a new plant, with new equipment, with federally assisted financing at the prime loan rate of 4 or 4½ percent. The 100-employee plant probably is going to be forced out of business, not because management could not make the grade under free competition but because a local committee decided a competitor was to be the beneficiary of special Federal largess. The same thing would happen, of course, if the 100-employee plant were located in an area other than a depressed area. Should the Congress deliberately provide legislation that will work that way? We know the answer of the 100 workers who would lose their jobs would be an emphatic "No."

ALLOCATION OF BENEFITS AND COSTS

In some cases benefits, and in all cases costs, would accrue to the States under this proposal. In the final analysis the Federal largess would have to come from taxes. The following table has been prepared to show the benefit and cost impacts by States of the plant loan programs. In the case of the industrial areas, the allocation by State has been made on a pro rata basis of the States' unemployed in depressed areas to the total unemployment in depressed areas. In the case of the rural areas, the allocation is shown on a pro rata basis for the 663 counties slated for mandatory designation as depressed areas. We would like to caution against members taking the rural area allocations too seriously. We don't see how an administrator, confined to making loans for industrial plants in marginal rural areas is going to make a go of an industrial plant loan program in essentially agricultural counties. Members who agree the rural

program is impractical would want to reduce the State "cost" figure by the appropriate amount as otherwise the State "cost," which includes both industrial and rural areas, would be inflated. The State cost figure is an allocation of costs to the States of the combined \$150 million industrial plant loan programs, based upon the latest computed percentages of total Federal taxes borne by the States. It is impossible under the bill to make any allocation of the public facility loan or grant programs on any rational basis. The administrator probably would throw up his hands and do it on a first-come basis. In this connection it is of interest to note, from the appendix of bonds sold by depressed areas last year, that Detroit's volume was \$58 million. Likewise, it is impossible to make any allocation of retraining subsistence payments which would only serve 1 in 32 of those potentially eligible. The only thing sure about these unallocated payments is they definitely would increase the net costs for the States which do not have depressed areas. The table allocating plant loan benefits and costs follows:

Benefits and costs to States of plant loan funds

State	Industrial loan allocation	Rural loan allocation	Total of loan allocations	Cost to States
Alabama.....	\$1,569,000	\$6,222,000	\$7,791,000	\$1,410,000
Alaska.....	148,000		148,000	135,000
Arizona.....				780,000
Arkansas.....		6,674,000	6,674,000	660,000
California.....				15,405,000
Colorado.....				1,425,000
Connecticut.....	543,000		543,000	3,375,000
Delaware.....				885,000
Florida.....		1,697,000	1,697,000	3,435,000
Georgia.....	107,000	8,597,000	8,704,000	1,875,000
Hawaii.....				435,000
Idaho.....				390,000
Illinois.....	2,326,000	339,000	2,665,000	10,920,000
Indiana.....	2,544,000		2,544,000	3,600,000
Iowa.....				1,740,000
Kansas.....	383,000		383,000	1,395,000
Kentucky.....	3,592,000	5,092,000	8,684,000	1,560,000
Louisiana.....		3,167,000	3,167,000	1,830,000
Maine.....	586,000		586,000	630,000
Maryland.....	579,000		579,000	2,820,000
Massachusetts.....	3,206,000		3,206,000	5,295,000
Michigan.....	23,997,000		23,997,000	7,470,000
Minnesota.....		226,000	226,000	2,475,000
Mississippi.....		8,598,000	8,598,000	630,000
Missouri.....	254,000	2,148,000	2,402,000	3,465,000
Montana.....	368,000		368,000	450,000
Nebraska.....				975,000
Nevada.....				315,000
New Hampshire.....				480,000
New Jersey.....	2,309,000		2,309,000	6,330,000
New Mexico.....		565,000	565,000	525,000
New York.....	3,233,000		3,233,000	20,520,000
North Carolina.....	1,809,000	4,978,000	6,787,000	1,965,000
North Dakota.....				285,000
Ohio.....	1,232,000	339,000	1,571,000	9,240,000
Oklahoma.....	125,000	2,262,000	2,387,000	1,365,000
Oregon.....	218,000		218,000	1,365,000
Pennsylvania.....	11,883,000		11,883,000	10,815,000
Rhode Island.....	3,807,000		3,807,000	840,000
South Carolina.....		4,072,000	4,072,000	900,000
South Dakota.....				330,000
Tennessee.....	2,476,000	7,920,000	10,396,000	1,725,000
Texas.....	415,000	4,072,000	4,487,000	6,420,000
Utah.....				525,000
Vermont.....	73,000		73,000	270,000
Virginia.....	573,000	3,281,000	3,854,000	2,490,000
Washington.....	1,378,000		1,378,000	2,325,000
West Virginia.....	5,267,000	4,186,000	9,453,000	1,140,000
Wisconsin.....				3,120,000
Wyoming.....				255,000
District of Columbia.....				990,000
Total.....	75,000,000	75,000,000	150,000,000	150,000,000

CONCLUSION

There are so many basic defects in the committee bill that if the House wants to legislate in this field, we are of the opinion the committee bill should be scrapped and the administration bill, H.R. 4278, substituted for it for such action as the House may care to take. However, some of us ¹ reject this whole idea completely believing that unwittingly or not it moves in the direction of substituting a federally assisted planned economy for the free enterprise system. Those of us who share that opinion believe the end result of a planned economy would be less rather than more jobs. This bill would inaugurate a new permanent spending program which would grow in future years at increasing cost to the taxpayer.

CLARENCE E. KILBURN.
GORDON L. McDONOUGH.
WILLIAM B. WIDNALL.
EDGAR W. HIESTAND.
PERKINS BASS.
EDWARD J. DERWINSKI.
WILLIAM H. MILLIKEN, Jr.

APPENDIX TO MINORITY VIEWS

Bonds sold by depressed area communities in 1958

State	Issuer	Amount of issue	Net interest cost
			Percent
Alabama.....	Alexander City RFDG.....	\$650,000	4.210
Do.....	Alexander City street.....	100,000	3.196
Do.....	Alexander City RFDG.....	650,000	(1)
Do.....	Alexander City industrial.....	210,000	(1)
Do.....	Anniston RFDG.....	250,000	3.647
Do.....	Florence electrification revenue.....	400,000	3.379
Do.....	Sheffield electrification revenue.....	700,000	3.889
Do.....	Gadsden RFDG Go.....	500,000	(1)
Do.....	Gadsden Public Building Authority.....	2,250,000	(1)
Do.....	Gadsden RFDG.....	375,000	4.250
Do.....	Jasper RFDG.....	194,000	5.000
Do.....	Jasper building revenue.....	250,000	(1)
Do.....	Talladega County gas revenue.....	406,000	(1)
Do.....	Talladega County improvement.....	1,020,000	(1)
Alaska.....	Anchorage Port Go.....	2,000,000	(1)
Do.....	Anchorage port revenue.....	6,200,000	(1)
Connecticut.....	Bristol High School.....	3,170,000	3.340
Illinois.....	Herrin Library.....	135,000	(1)
Do.....	do.....	135,000	(1)
Indiana.....	Evansville sewer revenue.....	2,200,000	4.043
Do.....	Evansville Airport.....	250,000	2.932
Do.....	do.....	150,000	2.428
Do.....	Evansville swimming pool.....	400,000	2.389
Do.....	La Porte Airport.....	63,000	3.500
Do.....	La Porte school, city.....	190,000	2.485
Do.....	Michigan City street.....	300,000	(1)
Do.....	Muncie municipal improvement.....	330,000	2.849
Do.....	New Castle equipment.....	20,000	2.190
Do.....	Vincennes sewage revenue.....	875,000	3.422
Kansas.....	Coffeyville improvement.....	90,000	(1)
Kentucky.....	Hopkinsville school revenue.....	75,000	3.570
Do.....	Morehead sewage revenue.....	320,000	(1)
Do.....	Grayson County hospital.....	75,000	(1)
Do.....	Padaucab school revenue.....	160,000	2.598

See footnote at end of table, p. 39.

¹ Messrs. Kilburn, McDonough, Hiestand, Bass, Derwinski, and Milliken.

Bonds sold by depressed area communities in 1958—Continued

State	Issuer	Amount of issue	Net interest cost
			<i>Percent</i>
Massachusetts.....	Lawrence Airport.....	\$90,000	3.300
Do.....	Lowell school.....	1,100,000	2.996
Do.....	Milford parking.....	70,000	3.624
Do.....	Milford school.....	345,000	(1)
Do.....	do.....	400,000	(1)
Do.....	New Bedford building.....	567,000	3.060
Do.....	New Bedford highway.....	250,000	(1)
Do.....	New Bedford improvement.....	300,000	(1)
Do.....	do.....	250,000	(1)
Do.....	do.....	500,000	(1)
Do.....	New Bedford parking.....	400,000	(1)
Do.....	New Bedford water.....	200,000	3.350
Do.....	North Adams urban renewal.....	410,000	3.058
Do.....	Taunton relief.....	130,000	2.070
Michigan.....	Adrian SD.....	72,000	(1)
Do.....	Detroit highway.....	1,350,000	2.627
Do.....	do.....	2,950,000	2.993
Do.....	Detroit improvement.....	5,945,000	3.017
Do.....	Detroit Library.....	310,000	2.903
Do.....	do.....	1,200,000	3.715
Do.....	Detroit lighting.....	525,000	(1)
Do.....	Detroit paving.....	320,000	2.219
Do.....	do.....	260,000	2.467
Do.....	Detroit public improvement.....	1,100,000	(1)
Do.....	do.....	10,660,000	(1)
Do.....	do.....	7,000,000	3.517
Do.....	Detroit railway RFDG.....	1,700,000	3.273
Do.....	Detroit rehabilitation.....	400,000	2.853
Do.....	do.....	1,290,000	2.872
Do.....	Detroit sewer.....	1,000,000	3.656
Do.....	do.....	5,000,000	3.024
Do.....	do.....	4,000,000	3.656
Do.....	Detroit street.....	408,000	2.576
Do.....	Detroit utilities lighting.....	1,100,000	3.017
Do.....	Detroit water revenue.....	6,700,000	3.585
Do.....	do.....	5,000,000	3.000
Do.....	Grand Rapids SDs11.....	220,000	3.600
Do.....	Grand Rapids street.....	225,000	1.835
Do.....	Grand Rapids Township sewer.....	53,000	2.435
Do.....	Jackson hospital.....	2,000,000	2.875
Do.....	Monroe street.....	22,000	(1)
Do.....	do.....	69,000	(1)
Do.....	Muskegon County Courthouse.....	3,330,000	2.486
Do.....	Muskegon sewage revenue.....	600,000	3.230
Do.....	Muskegon street.....	50,000	3.499
Do.....	do.....	100,000	2.430
Do.....	Muskegon Township water revenue.....	1,500,000	4.990
Do.....	Owosso sewer.....	7,000	(1)
Do.....	Owosso street.....	69,000	(1)
Do.....	Owosso Township School District 84.....	125,000	3.728
Do.....	Port Huron sewer.....	26,000	2.719
Missouri.....	Joplin sewer.....	1,450,000	3.045
Do.....	Joplin School District.....	200,000	2.779
Montana.....	Kallispell Improvement District 294.....	110,000	(1)
New Jersey.....	Atlantic County improvement.....	442,000	3.560
Do.....	Long Branch, general.....	320,000	4.207
New York.....	Amsterdam UFSD 812.....	125,000	3.590
Do.....	Gloversville PVG and PL.....	187,000	2.860
Do.....	Middletown City School District.....	2,203,000	2.990
Do.....	Middletown improvement.....	112,000	2.450
Do.....	Rome City School District.....	258,000	2.240
Do.....	Rome general improvement.....	607,000	(1)
Do.....	Rome water.....	2,050,000	(1)
Do.....	Utica auditorium.....	2,500,000	3.110
Do.....	Utica City School District.....	215,000	1.720
Do.....	Utica improvement.....	180,000	(1)
Do.....	do.....	490,000	(1)
Do.....	do.....	320,000	(1)
North Carolina.....	Durham County, school.....	2,000,000	2.746
Do.....	Kinston building.....	80,000	(1)
Do.....	Kinston water.....	44,000	(1)
Ohio.....	Cambridge.....	135,000	3.210
Do.....	Chillicothe County School District.....	2,000,000	2.882
Do.....	Chillicothe SWAY.....	150,000	3.406
Do.....	Chillicothe street.....	47,000	2.980
Do.....	Chillicothe water.....	170,000	2.440
Do.....	East Liverpool sewer.....	200,000	3.480
Do.....	Portsmouth City School District.....	500,000	3.144
Do.....	Salem street.....	37,000	3.010

See footnote at end of table, p. 39.

Bonds sold by depressed area communities in 1958—Continued

State	Issuer	Amount of issue	Net interest cost
			<i>Percent</i>
Oregon.....	Coos Bay improvement.....	\$15,000	2.721
Do.....	Coos County Sewage District 8130C.....	977,000	3.582
Do.....	Coos County Sewage District Sunny Hill.....	5,000	3.500
Do.....	Pendleton fire.....	175,000	(1)
Pennsylvania.....	Altoona improvement GO.....	1,000,000	3.326
Do.....	Altoona Sewage District.....	660,000	2.830
Do.....	Athens Area School Authority.....	2,255,000	5.225
Do.....	Berwick School District.....	42,000	(1)
Do.....	Butler Township Sewage District.....	120,000	3.099
Do.....	Clearfield fire.....	100,000	(1)
Do.....	Clearfield Municipal Authority.....	775,000	(1)
Do.....	do.....	1,100,000	(1)
Do.....	Erie improvement.....	1,250,000	2.797
Do.....	Erie School District.....	1,500,000	3.374
Do.....	Johnstown improvement.....	1,000,000	3.138
Do.....	Seranton improvement.....	445,000	3.333
Do.....	Seranton Sewage District.....	500,000	3.480
Rhode Island.....	Newport general improvement.....	100,000	(1)
Do.....	Newport school.....	400,000	(1)
Do.....	Newport water.....	300,000	(1)
Do.....	North Providence fund.....	50,000	3.700
Do.....	North Providence highway.....	100,000	3.700
Do.....	Providence recreation.....	1,000,000	(1)
Do.....	Providence school.....	1,600,000	(1)
Do.....	North Providence sewer.....	100,000	3.700
Do.....	Providence sewer.....	3,500,000	(1)
Do.....	do.....	600,000	(1)
Do.....	North Providence water.....	25,000	3.700
Tennessee.....	Bristol school.....	705,000	3.900
Do.....	Chattanooga school.....	1,000,000	(1)
Do.....	Chattanooga hospital.....	500,000	(1)
Do.....	Chattanooga sewer.....	500,000	(1)
Do.....	Johnson City school.....	2,600,000	3.940
Do.....	Knoxville civic center.....	500,000	3.636
Do.....	Knoxville electrification revenue.....	3,000,000	2.863
Do.....	Knoxville improvement.....	200,000	(1)
Do.....	Knoxville parks.....	50,000	(1)
Do.....	Knoxville RFDG.....	500,000	3.017
Do.....	Knoxville school building.....	500,000	3.545
Do.....	Knoxville street.....	100,000	(1)
Texas.....	Laredo GO.....	1,575,000	3.786
Do.....	Texarkana Airport.....	150,000	(1)
Do.....	Texarkana public building.....	50,000	(1)
Do.....	Texarkana street and drainage.....	3,100,000	(1)
Virginia.....	Pulaski sewer.....	1,000,000	3.538
Do.....	Pulaski water.....	630,000	3.538
Washington.....	Aberdeen sewage revenue.....	900,000	4.020
Do.....	do.....	1,000,000	3.690
Do.....	Port of Anacortes GO.....	85,000	3.500
Do.....	Port of Bellingham.....	300,000	2.345
Do.....	Olympia improvement DIS8613.....	59,000	(1)

1 Not readily available.

ADDITIONAL VIEWS OF MR. VANIK, MR. FINO, MRS. DWYER, AND MR. HALPERN

We believe it is important that the Nation recognize affirmatively that very real and serious economic problems exist in particular areas of the country. Chronic unemployment, obsolescent factories, migration of plants, depletion of resources, and other factors are turning or have turned once flourishing cities into deteriorating communities. The principle embodied in legislation considered by the committee—the need to initiate a program to provide for the curing of such civic blight—is highly desirable.

However, we are deeply disturbed that S. 722, as reported, contains provisions which could cause the economic decline of currently thriving areas. This is the result of insufficient standards and ineffective protections against the migration, or pirating, of industries from established areas into distressed ones. We recognize that it would be exceedingly difficult to write an ironclad provision into the bill preventing such shifts in the location of industries. We feel, however, that the relevant provisions in S. 722 can be tightened, and more definite standards prescribed for its administration.

We believe that the purposes of the bill should be directed, as Hon. Frederick H. Mueller, Under Secretary of Commerce, suggested at the hearings, toward the objective “that new jobs should be created in distressed communities rather than being transferred from another area.” “No Federal assistance,” he said, “would or should be extended for any project involving the removal of a facility from one community to another.”

And again, as Mr. H. Christian Sonne, chairman of the board of directors of the National Planning Association, testified—

an effective depressed areas program must contribute to an increase in total production and total employment, not merely to a shift of production and employment from one area to another. We are seeking a program to help depressed areas participate in national economic growth and well-being, not to distribute the distress more evenly throughout the economy.

The possibility of “distributing the distress more evenly throughout the economy” is precisely what disturbs us about the standards in S. 722 relating to the runaway shop. We favor a program aimed at creating and encouraging new industry and economic development in distressed areas, not one which permits or even encourages a further degree of deterioration of thriving communities through the migration of plants.

Migration of industry was recognized by many witnesses during the hearings as a major factor in the promotion of distressed areas. As one witness noted:

the fact remains that when a factory moves out of a community some part of its former work force finds it increasingly difficult to be reemployed in the same community.

Change is essential in our national growth, and when an industry migrates from one community to another on its own motivation and volition, that is one thing, but when it does so under inducements provided in a Government program, such as those embodied in S. 722, it is an entirely different and in our opinion unconscionable matter.

The provisions of S. 722 unfortunately accept the fact that a little unemployment in developed areas arising from a shift of industries, under the terms of the bill, is quite acceptable.

The preamble states in part—

and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources *without substantially reducing employment in other areas of the United States.*" (italic supplied). Under section 6(a) of the bill, (Loans and Participations) is the standard, "Such financial assistance shall not be extended for working capital, or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment. [italic supplied.]

Furthermore, in section 112(b) (Industrial Redevelopment Areas Under the Area Redevelopment Act) is the language—

but no such assistance shall be provided in any area if such Administrator determines that it will assist in relocating business operations from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

Under these standards, no loan would be granted involving relocation of industry where both "substantial detriment" and "increasing unemployment" would occur plus consideration that such a move would substantially reduce employment in the area of original location. In other words, the loans would not be denied for the movement of industry merely because of the creation of some unemployment in the original community as long as it would not constitute a "substantial detriment."

What in fact would be considered to constitute "substantial detriment"?

If in an area from which a plant migrated, 100 new, unemployed workers were to be added to 1,000 or 5,000, or 15,000, others, which level would constitute "substantial detriment"? It would be exceedingly difficult to determine. Furthermore, such a standard would not include the effect of the loss of tax revenues in the original area or such matters as loss of business to merchants, seemingly important factors in any determination of substantial detriment.

Promoters of this standard in S. 722, in interpreting its phraseology, acknowledge the fact that some unemployment would be tolerated in the area of original location of such a plant:

If the proposed transfer of a plant from one area to another will create as much unemployment in the area it leaves as it absorbs in the area it moves to, nothing has been gained from

the point of view of the overall economy of the United States—

it is said.

The use of Federal funds for a transfer of this sort would not be justified. Expansion of existing firms and the creation and development of new businesses or new branches of firms in business elsewhere, without at the same time substantially reducing existing employment opportunities, is the aim of this Federal assistance.

We would agree that the expansion of existing firms and the creation and development of new businesses or new branches of firms in business elsewhere should be the aim of the bill. We do not agree that the creation of some unemployment in areas of original location should be tolerated under the act.

If the Congress intends to eliminate "pirating" or "raiding," then it ought to say so. The bill should be specific, not ambiguous, in this respect.

We therefore supported in committee Mr. Halpern's proposal to amend the runaway shop criterion so as to read:

Such financial assistance shall not be extended * * * to assist establishments relocating from one area to another.

Unfortunately, this amendment did not prevail. It would have given the administrators of the bill a clear and concise standard. It would comply with what we determine the aim of the bill to be, the creation of new jobs in distressed communities rather than a "distribution of the distress more evenly throughout the economy." By defining general areas, as well, this standard would not prevent movements of plants within a specific area.

However, the following new language, in our opinion, would clarify this objective even more:

Under no circumstances shall financial assistance under this Act be provided to encourage, to facilitate, or to permit the movement of industry and industrial employment from present established locations to areas of industrial redevelopment.

We also suggest that the preamble of the bill be amended to conform with this language, to read:

and that under the provisions of this Act new employment opportunities should be created rather than merely transferred from one community to another.

Such changes would provide clear and specific guidelines to the administrators of the bill; they would emphasize the creation of new opportunities and economic growth; and they would discourage the raiding of developed areas and the acceptance of "just a little unemployment."

We hope that this point will be clarified on the floor of the House through the adoption of such an amendment as we propose.

CHARLES A. VANIK.
PAUL A. FINO.
FLORENCE P. DWYER.
SEYMOUR HALPERN.

DIFFERENCES BETWEEN THE BILL AS PASSED THE SENATE AND THE BILL AS REPORTED IN THE HOUSE

The following is a list of the differences of substance between the bill as passed the Senate (referred to as the "Senate bill") and the bill as reported in the House (referred to as the "House bill"):

1. *Industrial redevelopment areas*

A. *Mandatory designation.*—The Senate bill required the designation as an industrial redevelopment area of any industrial area where unemployment (i) is at least 6 percent and has averaged at least 6 percent throughout the qualifying period, and (ii) has been at least 50 percent above the national average for 3 of the 4 preceding years, 75 percent above the national average for 2 of the preceding 3 years, or 100 percent above the national average for 1 of the preceding 2 years. Under the corresponding provision of the House bill, designation of an area as an industrial redevelopment area is required where the unemployment rate in the area has been at least 12 percent during the preceding 12 months, 9 percent during at least 15 of the preceding 18 months, or 6 percent during at least 18 of the preceding 24 months. (The House bill also adds a provision permitting the designation of an industrial redevelopment area where there has been unemployment of at least 15 percent (not temporary in nature) during the preceding 6 months.)

B. *Areas affected by tariff reductions.*—The Senate bill provided a priority of consideration for designation as an industrial redevelopment area for areas containing industries adversely affected by reductions of trade barriers under the Trade Agreements Extension Act of 1951, where the President has transmitted a message to Congress or a report to the Ways and Means and Finance Committees concerning present or threatened injury to the industry or industries involved as required by that act. The House bill contains no such provision.

2. *Rural redevelopment areas*

A. *Mandatory designation.*—The House bill requires the designation as a rural redevelopment area of any county which is among the 500 counties ranked lowest in level of living of farm-operator families or among the 500 counties ranked highest in percentage of commercial farms producing less than \$2,500 worth of products for sale annually. The Senate bill did not contain this provision.

B. *Factors considered in designation.*—The Senate bill included among the factors which the Administrator is directed to consider in designating rural redevelopment areas the proportion of the population of each area which has been receiving public assistance. Under the House bill this factor is omitted.

3. *Financing of the program*

Under the Senate bill the funds required for plant loans and for public facility loans would be raised by borrowing from the Treasury in public-debt transactions. Under the House bill these funds (like

the funds required for other types of assistance under the program) would be obtained through the regular appropriation process.

4. *Loans and participations*

A. *Amount of assistance authorized.*—The Senate bill provided \$100 million for plant loans and participations in industrial redevelopment areas and \$100 million in rural redevelopment areas. Under the House bill, each of these amounts is reduced to \$75 million.

B. *Order of repayment and subordination of security.*—The Senate bill provided that Federal assistance in the form of plant loans be repayable only after repayment in full of all other loans (State, local, and private) made in connection with the same project, and that the security for such Federal assistance be subordinate and inferior to the security for such other loans. The House bill omits the provision postponing repayment of the Federal assistance, and provides that the security for such assistance will be subordinate and inferior to the security for other loans only to the extent the Administrator finds necessary to encourage participation in the program by other lenders and investors.

5. *Public facility loans*

A. *Amount of assistance authorized.*—The Senate bill provided \$100 million for public facility loans. The House bill reduces this amount to \$50 million.

B. *Ratio of loan to project cost.*—The Senate bill limited the amount of a Federal public facility loan to 65 percent of the total project cost. The House bill permits such a loan up to the full amount of such cost, and therefore omits the provision of the Senate bill which requires a minimum contribution of 10 percent by the State and its political subdivisions as well as the provision which establishes a mandatory order of repayment and subordinates the security for Federal loans to the security for other loans.

C. *Interest rate.*—The Senate bill provided a maximum interest rate on Federal public facility loans equal to the current average yield on outstanding U.S. obligations of comparable maturities, plus one-fourth of 1 percent. Under the House bill the maximum rate is equal to the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt at the end of the preceding fiscal year (adjusted to the nearest one-eighth of 1 percent), plus one-fourth of 1 percent. Under present conditions the maximum thus permitted would be about 4 $\frac{3}{8}$ percent under the Senate bill and 2 $\frac{7}{8}$ percent under the House bill.

D. *Other differences.*—In addition, the House bill (i) omits the provisions of the Senate bill which authorized public facility loans to be made to private or public organizations or associations representing redevelopment areas or parts thereof; (ii) omits the provision requiring as a condition of such a loan that the project to be financed will provide more than a temporary alleviation of unemployment in the area (although both the Senate bill and the House bill require a finding that the project will tend to improve the opportunities in the area for the establishment or expansion of industrial or commercial plants or facilities); (iii) requires as a condition of a public facility loan that the funds requested are not otherwise available on "equally favorable" terms (instead of on "reasonable" terms as in the Senate bill); and (iv) includes a new provision requiring as a condition of eligibility for

a public facility loan a finding that the area has an approved economic development program with which the project is consistent.

6. *Public facility grants*

A. *Amount of assistance authorized.*—The Senate bill provided \$75 million for public facility grants. Under the House bill this amount is reduced to \$35 million.

B. *Other differences.*—In addition, the House bill (i) omits the provision of the Senate bill authorizing public facility grants to be made to private or public organizations or associations representing redevelopment areas or parts thereof; (ii) omits the provision requiring as a condition of such a grant that the project will provide more than a temporary alleviation of unemployment in the area (although both the Senate bill and the House bill require a finding that the project will tend to improve the opportunities in the area for the establishment or expansion of industrial or commercial plants or facilities); and (iii) includes a new provision requiring as a condition of eligibility for a public facility grant a finding that the area has an approved economic development program with which the project is consistent. The House bill also makes applicable to public facility grants, as well as to plant loans and public facility loans (to which the corresponding provision of Senate bill is limited), the requirement that recipients of assistance keep full records concerning the projects for which such assistance is given and permit audits and examinations of such records by the Administrator and the Comptroller General.

7. *Urban renewal*

The Senate bill limited the amount of urban renewal funds which could be used under title I of the Housing Act of 1949 for the establishment or improvement of industrial plants and facilities in industrial redevelopment areas (under the amendment to that act made by the bill) by providing that funds used for that purpose be included within the existing limit on the use of funds for the nonresidential redevelopment of urban renewal areas (10 percent of the total amount of capital grants heretofore or hereafter authorized by that title). The corresponding limitation in the House bill is 10 percent of the total amount of capital grants authorized by title I after January 1, 1959.

8. *Vocational training*

Both the Senate bill and the House bill provide assistance, through the Secretary of Labor and the Secretary of Health, Education, and Welfare, for the vocational training and retraining of unemployed individuals in redevelopment areas to enable them to qualify for new employment in those areas. The House bill, however, differs from the Senate bill in that under it such assistance is required to be provided directly to the State board for vocational education, the area would be required to have an approved economic development program, and the amount authorized to be appropriated for financial assistance would be limited to \$1,500,000 annually.

9. *Retraining subsistence payments*

The Senate bill provided for the payment, under State agreements entered into by the Secretary of Labor in consultation with the Administrator, of retraining subsistence payments to unemployed indi-

viduals in redevelopment areas for periods not to exceed 16 weeks in any case. Under the corresponding provision of the House bill, the maximum period for which such payments could be made in any case would be 13 weeks.

10. Record of applications

The Senate bill required the Administrator to maintain and keep available to the public a record of all approved applications for assistance under the program. The House bill does not contain this provision.

SECTION-BY-SECTION SUMMARY OF THE BILL

Section 1. Short title

This section would provide that the act may be cited as the "Area Redevelopment Act."

Section 2. Declaration of purpose

This section would declare it to be the purpose of the bill to provide Federal help for areas needing economic redevelopment so that they can expand their economic activities and alleviate the substantial unemployment and underemployment that prevail within such areas. This would be accomplished by assisting communities, industries, enterprises, and individuals to create new employment opportunities by developing and expanding new and existing facilities and resources, without substantially reducing employment in other areas of the United States.

Section 3. Area Redevelopment Administration

This section would establish an Area Redevelopment Administration as an independent agency within the executive branch of the Government. The Administration would be headed by an Administrator appointed by the President and subject to confirmation by the Senate. The Administrator would receive a salary of \$20,000 a year.

Section 4. Advisory Board

Subsection (a) would create an Area Redevelopment Advisory Board to advise the Administrator in the performance of his functions under the bill. The Board would be composed of the Administrator, as Chairman, and 11 other department and agency heads whose functions are related to (or could assist in) the improvement of economic conditions in redevelopment areas. Any member of the Board could designate an officer of his agency to act for him as a member of the Board. The Chairman could invite other interested officials in the executive branch to participate in the functions of the Board.

Subsection (b) would require the Administrator to appoint a 25-member National Public Advisory Committee on Area Redevelopment, to be composed of representatives of labor, management, agriculture, and the general public, one of whom would be designated as Chairman by the Administrator. This Committee would be required to meet twice a year and make recommendations to the Administrator, from time to time, to assist him in carrying out his duties under the bill.

Subsection (c) would authorize the Administrator to call together, confer with, and receive recommended plans and programs from, representatives of any industry which has been a primary source of high levels of unemployment in the areas designated by the Administrator as redevelopment areas. The Administrator would also be authorized to call upon representatives of interested governmental agencies, together with representatives of transportation and other

industries, to participate in any conference called under this subsection.

Section 5. Redevelopment areas

This section would authorize the Administrator to designate two types of redevelopment areas—industrial and rural—in the United States. The designation of an area as a redevelopment area under this section would be necessary before such area could receive any of the forms of assistance provided for under the bill.

Subsection (a) would authorize the Administrator to designate as an "industrial redevelopment area" any industrial area in the United States in which he determines that there has existed substantial and persistent unemployment over an extended period of time. The Administrator would be required to designate as an "industrial redevelopment area" any industrial area in which there has existed unemployment of not less than (1) 12 percent of the labor force during the 12-month period immediately preceding the date on which application for assistance is made under the bill, (2) 9 percent of the labor force during at least 15 months out of the 18-month period immediately preceding such date, or (3) 6 percent of the labor force during at least 18 months out of the 24-month period immediately preceding such date. This subsection would also authorize him to so designate any such area in which there has existed unemployment of not less than 15 percent of the labor force during the 6-month period immediately preceding the date on which application is made for assistance under the bill, if he determines that the principal causes of such unemployment are not temporary in nature.

Subsection (b) would require the Administrator to designate as "rural redevelopment areas" those rural areas in the United States in which he determines that there exist the largest number and percentage of low-income farm families, and a condition of substantial and persistent unemployment or underemployment. In making these designations the Administrator would be required to consider, among other relevant factors, the number of low-income farm families in the various rural areas in the United States, the ratio of such low-income families to the total farm families of each of such areas, the relationship of the income levels of families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, and the availability of manpower in each such area for supplemental employment. Designation would be mandatory for any county which is among the 500 counties ranked (1) lowest in level of living of farm-operator families or (2) highest in percentage of commercial farms producing less than \$2,500 worth of products for sale annually; the Secretary of Agriculture would be required to compile, and keep current, lists of such counties.

Subsection (c) would provide that, in determining which areas should be designated as redevelopment areas, the Administrator would be guided, but not conclusively governed, by studies made, and information compiled, by Federal agencies, State and local governments, educational institutions, and private organizations.

Subsection (d) would authorize the Secretary of Labor, the Secretary of Agriculture, and the Secretary of Commerce to conduct studies, obtain information, and furnish data requested by the Administrator

to aid him in the designation of redevelopment areas. The Administrator would be required to reimburse such agencies for expenses incurred by them under this subsection.

Subsection (e) would define the term "redevelopment area," as used in the bill, to mean any area within the United States which has been designated by the Administrator as an industrial redevelopment area or a rural redevelopment area. Such areas could include one or more counties or municipalities, or a part of a county or municipality.

Section 6. Loans and participations

Subsection (a) would authorize the Administrator to make loans (including immediate participations therein) to assist in the purchase or development of land and facilities (including machinery and equipment) for industrial use, or for the construction, rehabilitation, or alteration of buildings for industrial use. Such assistance could not be extended for working capital, or to assist establishments relocating from one area to another when such assistance would result in substantial detriment to the area of original location by increasing unemployment.

Subsection (b) would impose the following restrictions and limitations on financial assistance available under this section.

(1) The total amount of loans and participations outstanding at any one time with respect to industrial redevelopment areas could not exceed \$75 million, and with respect to rural redevelopment areas could not exceed \$75 million.

(2) The assistance could be extended only to those applicants approved for such assistance by an agency (of the State or political subdivision in which the project is located) which is directly concerned with problems of economic development in such State or political subdivision, except as provided in subsection (c).

(3) The project must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment in the area.

(4) Such assistance could be extended only if it is not otherwise available from private lenders or other Federal agencies on reasonable terms.

(5) No loan could be made if an immediate participation is available.

(6) Reasonable assurance of repayment would be required.

(7) No loan could be made for a period exceeding 30 years; but this restriction would not apply in certain cases involving the obligor's insolvency, or where an extension or renewal not exceeding 10 years would aid in the orderly liquidation of the loan.

(8) Loans would bear interest at a rate (fixed by the Secretary of the Treasury) not more than the average yield on outstanding marketable U.S. obligations of comparable maturities plus one-half of 1 percent (this works out at about 4½ percent currently). From interest payments, one-fourth of 1 percent of the outstanding balance would be set aside as a reserve for losses.

(9) The assistance could not exceed 65 percent of the total cost of any particular project, exclusive of other Federal aid, and the following conditions, among others, would be applicable:

(A) The total of funds available from all sources (including assistance under this section) must be sufficient to complete the project.

(B) At least 10 percent of the total cost of the project must be supplied by the State, or any agency or subdivision thereof, or by a community or area organization, as equity capital, or as a loan.

(C) At least 5 percent of the total cost of any project in any redevelopment area must be supplied by nongovernmental sources.

(D) The security for Federal assistance extended under this section will be subordinate and inferior to the security for other loans with respect to the same project to the extent the Administrator considers it necessary to encourage participation in the program by other lenders and investors.

(10) No assistance could be extended under this section unless an overall program for the economic development of the area has been submitted to and approved by the Administrator, and the project for which such assistance is sought is consistent with such program and with State and local law.

Subsection (c) would authorize the Administrator to appoint a local committee to screen applicants for loans in any case where no agency is qualified to do so under State law. Such a committee would consist of not less than seven area residents, representative of labor, commercial, industrial, and farm groups, and the general public.

Subsection (d) would authorize an appropriation of \$150 million for loans under this section. \$75 million of this amount would be put in a revolving fund for loans to industrial redevelopment areas and \$75 million in a revolving fund for loans to rural redevelopment areas.

Section 7. Loans for public facilities

Subsection (a) would authorize the Administrator to make loans to State or local governments or Indian tribes to purchase or develop land for public facilities, or to construct, rehabilitate, or improve public facilities. Such a loan could be made only if (1) the project will promote industrial or commercial development in the area; (2) the funds sought are not otherwise available on equally favorable terms; (3) the loan (plus any other available funds) will cover the cost of the project; (4) there is a reasonable expectation of repayment; and (5) the area has an approved economic development program and the project conforms with the program.

Subsection (b) provides that no loan may exceed the total cost of the project. It also provides for maximum loan maturities of 40 years, and a maximum interest rate equal to the average rate (adjusted to the nearest one-eighth of 1 percent) on all outstanding U.S. obligations at the end of the preceding fiscal year, plus one-fourth of 1 percent (this works out currently at 2½ percent).

Subsection (c) authorizes an appropriation of \$50 million, which would be put in a revolving fund for loans under this section.

Subsection (d) provides that no such loan shall be made with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless such State regulatory body determines that there is a need for an increase in such service, in the area to be served by the public facility for which the loan is requested under this section, which such existing public

utility is unable to meet through its existing facilities or through any expansion it is prepared to undertake.

Section 8. Grants for public facilities

Subsections (a) and (b) would authorize the Administrator to make studies of the needs for public facilities in the various redevelopment areas and to make grants for the acquisition or development of land for public facility usage in redevelopment areas, and for the construction, rehabilitation, or improvement of public facilities in such areas. Any such grant could be made only pursuant to a proposal (showing the proposed project, its cost, and the proposed local contributions) received by the Administrator from a State or local government or an Indian tribe, and only if (1) the proposed project will tend to promote industrial or commercial development in the area, (2) the entity requesting the grant will contribute to the cost of the project in proportion to its ability to contribute, (3) the project is urgently needed in the area and could not be undertaken without such a grant, and (4) the area has an approved economic development program and the project conforms with the program. No such grant could exceed the difference between the total cost of the project and the amount available for it from other sources (including a loan under sec. 7).

Subsection (c) would require the Administrator to issue regulations to insure that Federal funds granted under this section are not wasted or dissipated.

Subsection (d) contains the same protection for existing public utilities under the grant program as section 7(d) provides under the public facility loan program.

Subsection (e) would authorize appropriations not exceeding \$35 million for public facility grants under this section.

Section 9. Information

This section would require the Administrator to aid redevelopment areas by furnishing to individuals, communities, industries, and enterprises in such areas any form of assistance, information, or advice obtainable from Federal agencies which would be useful in alleviating conditions of unemployment or underemployment in such areas. In addition, the Administrator would be required to furnish the procurement divisions of Federal agencies with the names and addresses of business firms (located in redevelopment areas) which are desirous of obtaining Government contracts to furnish supplies or services, and designating the supplies or services such firms are engaged in providing.

Section 10. Technical assistance

This section would authorize the Administrator to provide technical assistance to redevelopment areas, including studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Appropriations of not to exceed \$4,500,000 annually would be authorized to carry out this section.

Section 11. Powers of Administrator

This section would provide the Administrator with the administrative powers needed to carry out the area redevelopment program under the bill. The Administrator would be authorized to appoint and compensate officers and employees (including experts and consultants for periods of up to 6 months) and procure the services of

attorneys by contract; to hold hearings; to secure needed information from other Federal agencies; to engage in such business transactions, and to take such action to acquire, dispose of, and otherwise deal with both real and personal property and to enforce any rights, claims, and obligations, as may be necessary or appropriate in connection with the performance of his duties under the bill; and to establish such rules and regulations as may be appropriate in carrying out the provisions of the bill.

Section 12. Termination of eligibility for further assistance

This section would require the Administrator to terminate the eligibility for assistance under the bill of any area previously designated by him as a redevelopment area when he finds that the economic conditions within such area no longer warrant such assistance. Such area could be redesignated as a redevelopment area whenever the Administrator finds that economic conditions within such area again warrant such assistance. No action by the Administrator in terminating such eligibility would affect the validity of any contract entered into before such termination. The Administrator would be required to keep interested Federal, State, and local agencies advised of any changes with respect to the designation of any area under this section.

Section 13. Urban renewal

This section would amend title I of the Housing Act of 1949, as amended, by adding at the end thereof a new section 112 which would permit the use of the slum clearance and urban redevelopment provisions of that title (without regard to certain limitations which would otherwise be applicable) to assist in the establishment or improvement of industrial plants and facilities in areas designated as industrial redevelopment areas under section 5 (a) of the bill.

Subsection (a) of the new section 112 would provide that financial assistance under title I for slum clearance and urban redevelopment activities could be provided in any area certified by the Area Redevelopment Administrator to the Housing and Home Finance Administrator as an industrial redevelopment area which is reasonably likely to achieve more than temporary improvement in its economic development with assistance provided under the bill and pursuant to other undertakings.

Subsection (b) of the new section 112 would provide that financial assistance could be furnished under title I without regard to the existing requirement that the project area be predominantly residential in character and that it be redeveloped for predominantly residential uses; but such assistance could not be provided to relocate business operations from one area to another when such assistance would result in substantial detriment to the area of original location by increasing unemployment.

Subsection (c) of the new section 112 would permit such assistance for any project in an area which includes primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

Subsection (d) of the new section 112 would provide that such assistance could be furnished without regard to the existing requirement that any land acquired in the project area be disposed of for immediate development; under this subsection such land could be conveyed to any public agency or nonprofit corporation for disposi-

tion and development at an indefinite later date (but as promptly as practicable). The bill would provide that the initial conveyance, to the public agency or nonprofit corporation, shall be at fair market value.

Subsection (e) of the new section 112 would permit such assistance to be continued until the completion of the project even though the area meanwhile ceases to be an industrial redevelopment area under the bill.

Subsection (f) of the new section 112 would make available for assistance under that section up to 10 percent of the funds authorized after January 1, 1959, for capital grants under section 103 of title I. This would prevent projects receiving assistance under the new section 112 from competing for assistance with projects seeking assistance under the other exemptions from the predominantly residential requirement provided for by the next to the last paragraph of section 110(c) of title I. The total amount available for assistance under the present exemptions is limited to 10 percent of the total amount of capital grants authorized under such title.

Section 14. Urban planning grants

This section would amend section 701 of the Housing Act of 1954 to make planning grants available under that section to counties, cities, and other municipalities which are situated in areas designated as industrial redevelopment areas under section 5(a) of the bill, even though their population exceeds 25,000.

Section 15. Vocational training

This section would authorize the Secretary of Labor to make, or assist in, studies of the labor force in any redevelopment area. When the skills of the labor force in such an area are inadequate, the Secretary of Labor could provide advice and technical assistance in establishing a program to improve the utilization of the labor force. If the Secretary of Labor finds a need for vocational education services in such an area, and if the area has an approved economic development program, the Secretary of Labor could help interested agencies to determine vocational training needs of unemployed residents of the area, and he would be required to notify the Secretary of Health, Education, and Welfare of the area's vocational training requirements. The Secretary of Health, Education, and Welfare could provide assistance (including financial assistance up to \$1,500,000 annually) to the State board for vocational education to provide such services in the area. Any training so provided must be designed to enable unemployed persons to qualify for new employment in the area.

Section 16. Retraining subsistence payments

This section would require the Secretary of Labor to enter into agreements with States in which redevelopment areas are located whereby such States (as agents of the United States) would make weekly retraining payments to unemployed individuals in such areas who are not entitled to unemployment compensation and who are undergoing training for new jobs. Such payments could not be made to any individual for more than 13 weeks, and each such payment would be equal in amount to the average weekly unemployment-compensation payment payable in the State concerned. Appropriations of not more than \$10 million would be authorized for such payments. It is not intended by this section (or by sec. 15) to author-

ize the creation of any contractual obligation to furnish financial assistance, binding upon the United States, in advance of appropriations adequate to carry out such obligation.

Section 17. Penalties

Subsection (a) makes it a crime to make a false statement or willfully overvalue a security for the purpose of obtaining a loan, or of influencing any action of the Administrator, or to obtain money, property, or anything of value under the bill.

Subsection (b) makes it a crime for any employee or agent of the Administrator to embezzle or misapply any money or securities, or make any false entries, or (with intent to defraud) to issue or assign notes or other documents or participate or share in any loan or contract made by the Administrator, or to give out any unauthorized information about the actions or plans of the Administrator, or to invest or speculate in the securities of a company receiving assistance from the Administrator.

Section 18. Employment of expeditors and administrative employees

This section would provide that the Administrator could not make a loan to a business enterprise unless the names of the attorneys and agents expediting the application and the fees paid to them are certified to the Administrator, and unless an agreement is executed requiring the firm to refrain from employing or offering to employ or retain the professional services of any employee of the Administrator who exercised discretionary power, with respect to the granting of assistance under the bill, at the time such firm was granted assistance, or during the preceding year. Such agreement would be binding on the firm for a period of 2 years after receiving any assistance from the Administrator.

Section 19. Prevailing rate of wage and 40-hour week

This section would require the Administrator to insure that all laborers and mechanics employed by contractors and subcontractors on projects undertaken by public applicants assisted under the bill (1) be paid wages at rates no less than those prevailing on the same type of work on similar construction in the immediate locality, as determined by the Secretary of Labor under the Davis-Bacon Act, and (2) receive time and one-half for hours worked during a week in excess of 40.

Section 20. Annual report

This section would require the Administrator to submit a comprehensive and detailed annual report to the Congress, beginning with the fiscal year ending June 30, 1960. The report would show, among other things, the number and size of Government contracts placed with business firms located in redevelopment areas, and the amount and duration of employment resulting from such contracts. The various Federal agencies would be required to furnish the Administrator such information as he may request to enable him to carry out his duties under this section.

Section 21. Appropriation for administrative expenses

This section would authorize the appropriation of such sums as may be necessary for administrative expenses to carry out the provisions of the bill.

Section 22. Use of other facilities

This section would require the Administrator to use, to the extent practicable, services and facilities available from other Federal agencies (with their consent and on a reimbursable basis) in order to avoid duplication of activities and minimize the expense of carrying out the provisions of the bill. This section would also require other Federal agencies to exercise their powers, duties, and functions so as to assist in carrying out the objectives of the bill.

Section 23. Records and audit

Subsection (a) would require each recipient of assistance under the bill to keep such records as the Administrator shall prescribe, including records which disclose the amount and disposition of such assistance, the total cost of the project, the amount and nature of that portion of such cost supplied by other sources, and such other records as would facilitate an effective audit.

Subsection (b) would give the Administrator and the Comptroller General of the United States access, for the purpose of audit and examination, to any records of the recipient pertinent to assistance received under the bill. The Administrator would be primarily responsible for auditing the books of recipients of assistance under this section, leaving to the General Accounting Office the task of auditing as many recipients each year as determined necessary by the Comptroller General.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as passed by the Senate, are shown as follows (new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Title I of Housing Act of 1949, as Amended

TITLE I—SLUM CLEARANCE AND URBAN RENEWAL

URBAN RENEWAL FUND

SEC. 100. The authorizations, funds, and appropriations available pursuant to sections 102 and 103 hereof shall constitute a fund, to be known as the "Urban Renewal Fund," and shall be available for advances, loans, and capital grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund.

LOCAL RESPONSIBILITIES

SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title, the Administrator shall give consideration to the extent to which appropriate local public bodies have undertaken positive programs (through the adoption, modernization, administration, and enforcement of housing, zoning, building and other local laws, codes and regulations relating to land use and adequate standards of health, sanitation, and safety for buildings, including the use and occupancy of dwellings) for (1) preventing the spread or recurrence in the community of slums and blighted areas, and (2) encouraging housing cost reductions through the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

(b) In the administration of this title, the Administrator shall encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment problems on a State, or regional (within a State), or unified metropolitan basis.

(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual con-

tributions prior to August 1, 1956, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under section 220 or 221 of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: *Provided*, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A)(i) of paragraph (1) of section 220(d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in a community referred to in clause (2) of section 221(a) of said Act: *And provided further*, That, notwithstanding any other provisions of law which would authorize such delegation or transfer, there shall not be delegated or transferred to any other official (except an officer or employee of the Housing and Home Finance Agency serving as Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office) the final authority vested in the Administrator (i) to determine whether any such workable program meets the requirements of this subsection, (ii) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, (iii) to make the certifications as to the maximum number of dwelling units needed for the relocation of families to be displaced as a result of governmental action in a community and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under section 221 of the National Housing Act, as amended, or (iv) to determine that the relocation requirements of section 105(c) of this title have been met.

(d) The Administrator is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs, and (2) for the assembly, analysis and reporting of information pertaining to such programs.

LOANS

SEC. 102. (a) To assist local communities in the elimination of slums and blighted or deteriorated or deteriorating areas, in preventing the spread of slums, blight or deterioration, and in providing maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies in accordance with the provisions of this title for the undertaking of urban renewal projects. Such loans (outstanding at any one time) shall be in such amounts not exceeding the estimated expenditures to be made by the local public agency as part of the gross project cost, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding, in the case of definitive loans, forty years from the date of the bonds or other obligations evidencing such loans), as may be deemed advisable by the Administrator.

(b) In connection with any project on land which is open or predominantly open, the Administrator may make temporary loans to municipalities or other public bodies for the provision of public buildings or facilities necessary to serve or support the new uses of such land in the project area. Such temporary loans shall be in such amounts not exceeding the expenditures to be made for such purpose, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding ten years from the date of the obligations evidencing such loans), as may be deemed advisable by the Administrator.

(c) Loans made pursuant to subsection (a) or (b) hereof may be made subject to the condition that, if at any time or times or for any period or periods during the life of the loan contract the local public agency can obtain loan funds from sources other than the Federal Government at interest rates lower than provided in the loan contract, it may do so with the consent of the Administrator at such times and for such periods without waiving or surrendering any rights to loan funds under the contract for the remainder of the life of such contract, and, in any such case, the Administrator is authorized to consent to a pledge by the local public agency of the loan contract, and any or all of its rights thereunder, as security for the repayment of the loan funds so obtained from other sources.

(d) The Administrator may make advances of funds to local public agencies for surveys of urban areas to determine whether the undertaking of urban renewal projects therein may be feasible and for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid with interest at not less than the applicable

going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the project involved. No contract for any such advances of funds for surveys and plans for urban renewal projects which may be assisted under this title shall be made unless the governing body of the locality involved has by resolution or ordinance approved the undertaking of such surveys and plans and the submission by the local public agency of an application for such advance of funds. Notwithstanding section 110(h) or the use in any other provision of this title of the term "local public agency" or "local public agencies" the Administrator may make advances of funds under this subsection for surveys and plans for an urban renewal project (including General Neighborhood Renewal Plans as herein after defined) to a single local public body which has the authority to undertake and carry out a substantial portion, as determined by the Administrator, of the surveys and plans or the project respecting which such surveys and plans are to be made: *Provided*, That the application for such advances shows, to the satisfaction of the Administrator, that the filing thereof has been approved by the public body or bodies authorized to undertake the other portions of the surveys and plans or of the project which the applicant is not authorized to undertake.

In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined) for urban renewal areas of such scope that the urban renewal activities therein may have to be carried out in stages, consistent with the capacity and resources of the respective local public agency, over an estimated period of not more than ten years. No contract for advances for the preparation of a General Neighborhood Renewal Plan may be made unless the Administrator has determined that:

- (1) in the interest of sound community planning, it is desirable that the urban renewal area be planned for urban renewal purposes in its entirety;

- (2) the local public agency proposes to undertake promptly an urban renewal project embracing at least 10 per centum of such area, upon completion of the General Neighborhood Renewal Plan and the preparation of an urban renewal plan for such project; and

- (3) the governing body of the locality has by resolution or ordinance (i) approved the undertaking of the General Neighborhood Renewal Plan and the submission of an application for such advance and (ii) represented that such plan will be used to the fullest extent feasible as a guide for the provision of public improvements in such area and that the plan will be considered in formulating codes and other regulatory measures affecting property in the area and in undertaking other local governmental activities pertaining to the development, redevelopment, rehabilitation, and conservation of the area.

The contract for any such advance of funds for a General Neighborhood Renewal Plan shall be made upon the condition that such advance shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the first urban renewal project in such area: *Provided*, That in the event of the undertaking of

any other project or projects in such area an appropriate allocation of the amount of the advance, with interest, may be effected to the end that each such project may bear its proper allocable part, as determined by the Administrator, of the cost of the General Neighborhood Renewal Plan. As used herein, a General Neighborhood Renewal Plan means a preliminary plan (conforming, in the determination of the governing body of the locality, to the general plan of the locality as a whole and to the workable program of the community meeting the requirements of section 101) which outlines the urban renewal activities proposed for the area involved, provides a framework for the preparation of urban renewal plans and indicates generally, to the extent feasible in preliminary planning, the land uses, population, density, building coverage, prospective requirements for rehabilitation and improvement of property, and any portions of the area contemplated for clearance and redevelopment.

(e) To obtain funds for loans under this title, the Administrator, on and after July 1, 1949, may, with the approval of the President, issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$25,000,000, which limit on such outstanding amount shall be increased by \$225,000,000 on July 1, 1950, and by further amounts of \$250,000,000 on July 1 in each of the years 1951, 1952, and 1953, respectively: *Provided*, That (subject to the total authorization of not to exceed \$1,000,000,000) such limit, and any such authorized increase therein, may be increased, at any time or times by additional amounts aggregating not more than \$250,000,000 upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase upon the conditions in the building industry and upon the national economy, that such action is in the public interest.

(f) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(g) Obligations, including interest thereon, issued by local public agencies for projects assisted pursuant to this title, and income derived by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

CAPITAL GRANTS

SEC. 103. (a) The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: *Provided*, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land. The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title, exclusive of projects referred to in the proviso hereto, shall not exceed two-thirds of the aggregate of the net project costs of such nonexcluded projects: *Provided*, That the aggregate of such capital grants may exceed two-thirds but not three-fourths of the aggregate net project costs of those projects which the Administrator, at the request of a local public agency, may approve on such a three-fourths capital grant basis. A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.

(b) The Administrator, on and after July 1, 1949, may, with the approval of the President, contract to make capital grants, with respect to projects assisted under this title, aggregating not to exceed \$900,000,000, which limit shall be increased by \$350,000,000 on the date of the enactment of the Housing Act of 1957: *Provided*, That such limit, and any such authorized increase therein, may be increased, at any time or times, by additional amounts aggregating not more than \$100,000,000 upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase upon the conditions in the building industry and upon the national economy, that such action is in the public interest. The faith of the United States is solemnly pledged to the payment of all capital grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

REQUIREMENTS FOR LOCAL GRANTS-IN-AID

SEC. 104. Every contract for capital grants under this title shall require local grants-in-aid in connection with the project involved. Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, shall not be required in excess of one-third of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made on the two-thirds basis, or in excess of one-fourth of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made on the three-fourths basis.

LOCAL DETERMINATIONS

SEC. 105. Contracts for loans for capital grants shall be made only with a duly authorized local public agency and shall require that—

(a) The urban renewal plan for the urban renewal area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that

(i) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan; (ii) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; and (iii) the urban renewal plan conforms to a general plan for the development of the locality as a whole;

(b) When real property acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees and their assignees shall be obligated (i) to devote such property to the uses specified in the urban renewal plan for the project area; (ii) to begin within a reasonable time any improvements on such property required by the urban renewal plan; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title: *Provided*, That clause (ii) of this subsection shall not apply to mortgagees and others who acquire an interest in such property as the result of the enforcement of any lien or claim thereon;

(c) There be a feasible method for the temporary relocation of families displaced from the urban renewed area, and that there are or are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families and reasonably accessible to their places of employment.

(d) No land for any project to be assisted under this title shall be acquired by the local public agency except after public hearing following notice of the date, time, place, and purpose of such hearing.

GENERAL PROVISIONS

SEC. 106. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, shall—

(1) appoint a Director to administer the provisions of this title under the direction and supervision of the Administrator and the basic rate of compensation of such position shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency;

(2) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended;

(3) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That such financial transactions of the Administrator as the making of advances of funds, loans, or capital grants and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

(b) Funds made available to the Administrator pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for any of the purposes of this title (except for capital grants pursuant to section 103 hereof), and all funds available for carrying out the functions of the Administrator under this title (including appropriations therefor, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administrator in connection with the performance of such functions: *Provided*, That necessary expenses of inspections and audits, and of providing representatives at the site, of projects being planned or undertaken by local public agencies pursuant to this title shall be compensated by such agencies by the payment of fixed fees which in the aggregate will cover the costs of rendering such services, and such expenses shall be considered nonadministrative; and for the purpose of providing such inspections and audits and of providing representatives at the sites, the Administrator may utilize any agency and such agency may accept reimbursement or payment for such services from such local public agencies or the Administrator, and credit such amounts to the appropriations or funds against which such charges have been made.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law, may—

(1) sue and be sued;

(2) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with which he has made a loan or capital grant pursuant to this title. In the event of any such acquisition, the Administrator may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, dispose of, and otherwise deal with, such project or part thereof: *Provided*, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

(3) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired or owned, and such sums shall approximate the taxes which would be paid upon such property to the State or local taxing authority, as the case may be, if such property were not exempt from taxation;

(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(5) obtain insurance against loss in connection with property and other assets held;

(6) subject to the specific limitations in this title, consent to the modification, with respect to rate of interest, time of payment.

of any installment of principal or interest, security, amount of capital grant, or any other term, of any contract or agreement to which he is a party or which has been transferred to him pursuant to his title;

(7) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions (including such covenants, conditions, or provisions as, in the determination of the Administrator, are necessary or desirable to prevent the payment of excessive prices for the acquisition of land in connection with projects assisted under this title) as he may deem necessary to assure that the purposes of this title will be achieved. No provision of this title shall be construed or administered to permit speculation in land holding; and

(8) make advance or progress payments on account of any capital grant contracted to be made pursuant to this title, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, or any other provisions of this title.

(d) Section 3709, as amended, of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this title if the amount of such contract does not exceed \$1,000.

(e) Not more than 12½ per centum of the funds provided for in this title, either in the form of loans or grants, shall be expended in any one State: *Provided*, That the Administrator, without regard to such limitation, may enter into contracts for capital grants aggregating not to exceed \$100,000,000 (subject to the total authorization provided in section 103(b) of this title) with local public agencies in States where more than two-thirds of the maximum capital grants permitted in the respective State under this subsection has been obligated.

(f) (1) Notwithstanding any other provision of this title, an urban renewal project respecting which a contract for a capital grant is executed under this title may include the making of relocation payments (as defined in paragraph (2)); and such contract shall provide that the capital grant otherwise payable under this title shall be increased by an amount equal to such relocation payments and that no part of the amount of such relocation payments shall be required to be contributed as part of the local grant-in-aid.

(2) As used in this subsection, the term "relocation payments" means payments by a local public agency, in connection with a project, to individuals, families, and business concerns for their reasonable and necessary moving expenses and any actual direct losses of property except goodwill or profit (which are incurred on and after the date of the enactment of the Housing Act of 1956, and for which reimbursement or compensation is not otherwise made) resulting from their displacement by an urban renewal project included in an urban renewal area respecting which a contract for capital grant has been executed under this title. Such payments shall be made subject to such rules and regulations as may be prescribed by the Administrator, and shall not exceed \$100 in the case of an individual or family, or \$2,500 in the case of a business concern. Such rules and regulations may include provisions authorizing payment to individuals and families of fixed

amounts (not to exceed \$100 in any case) in lieu of their respective reasonable and necessary moving expenses.

(3) Any contract with a local public agency which was executed under this title before the date of the enactment of the Housing Act of 1956 may be amended to provide for payments under this subsection for expenses and losses incurred on or after such date.

PAYMENT FOR LAND USED FOR LOW-RENT PUBLIC HOUSING

SEC. 107. If the land for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, is made available from a project assisted under this title, payment equal to the fair value of the land for the uses specified in accordance with the urban renewal plan shall be made therefor by the public housing agency undertaking the housing project, and such amount shall be included as part of the development cost of the low-rent housing project.

SURPLUS FEDERAL REAL PROPERTY

SEC. 108. The President may at any time in his discretion, transfer, or cause to be transferred, to the Administrator any right, title, or interest held by the Federal Government or any department or agency thereof in any land (including buildings thereon) which is surplus to the needs of the Government and which a local public agency certifies will be within the area of a project being planned by it. When such land is sold to the local public agency by the Administrator, it shall be sold at a price equal to its fair market value, and the proceeds from such sale shall be covered into the Treasury as miscellaneous receipts.

PROTECTION OF LABOR STANDARDS

SEC. 109. In order to protect labor standards—

(a) any contract for loan or capital grant pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics, except such laborers or mechanics who are employees of municipalities or other local public bodies, employed in the development of the project involved for work financed in whole or in part with funds made available pursuant to this title; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract; and

(b) the provisions of title 18, United States Code, section 874, and of title 40, United States Code, section 276c, shall apply to work financed in whole or in part with funds made available for the development of a project pursuant to this title.

DEFINITIONS

SEC. 110. The following terms shall have the meanings, respectively ascribed to them below, and unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Urban renewal area" means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved which the Administrator approves as appropriate for an urban renewal project.

(b) "Urban renewal plan" means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof and shall be consistent with definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (2) shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, and building requirements.

(c) "Urban renewal project" or "project" may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Such undertakings and activities may include—

(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided*, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of an open land project;

(2) demolition and removal of buildings and improvements;

(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

(4) disposition of any property acquired in the urban renewal area (including sale, initial leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan;

(5) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; and

(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe

conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities.

For the purposes of this title, the term "project" shall not include the construction or improvement of any building, and the term "redevelopment" and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110(d) hereof.

Financial assistance shall not be extended under this title with respect to any urban renewal area which is not clearly predominantly residential in character unless such area will be a predominantly residential area under the urban renewal plan therefor: *Provided:* That, where such an area which is not clearly predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality involved and such area is not appropriate for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects (*including projects assisted under section 112 of this title*) shall not exceed 10 per centum of the total amount of capital grants authorized by this title.

In addition to all other powers hereunder vested, where land within the purview of clause (1)(ii) or (1)(iii) of the first paragraph of this subsection (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided,* That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title.

(d) "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title in the form of (1) cash grants to defray expenditures within the purview of section 110(e)(1) hereof; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of the second sentence of section 110(c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly

owned housing and revenue producing public utilities the capital cost of which is wholly financed with local bonds or obligations payable solely out of revenues derived from service charges) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: *Provided*, That in any case where, in the determination of the Administrator, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 per centum or more of the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portion of the cost of such facility as the Administrator estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: *And provided further*, That for the purpose of computing the amount of local grants-in-aid under this section 110(d) with respect to any project covered by a Federal-aid contract under this title, the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurances satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him: *And provided further*, That in any case where a public facility furnished as a local grant-in-aid is financed in whole or in part by special assessments against real property in the project area acquired by the local public agency as part of the project, and amount equal to the total special assessments against such real property (or, in the case of a computation pursuant to the proviso immediately preceding, the estimated amount of such total special assessments) shall be deducted from the cost of such facility for the purpose of computing the amount of the local grants-in-aid for the project. With respect to any demolition or removal work, improvement or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Administrator to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.

(e) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carryout the project (including the payment of carrying chares, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash: *Provided*, That with respect to a project for which a contract for capital grant has been executed on a three-fourths basis pursuant to the proviso in the second sentence of section 103(a), gross project cost shall include, in lieu of the amount specified in clause (1), the amount of the expenditures by the local public agency with respect to the following undertakings and activities necessary to carry out such project:

"(i) acquisition of land (but only to the extent of the consideration paid to the owner and not title, appraisal, negotiating, legal,

or any other expenditures of the local public agency incidental to acquiring land), disposition of land, demolition and removal of buildings and improvements, and site preparation and improvements, all as provided in paragraphs (1), (2), (3), (4), and (6) of section 110(c); and

“(ii) the payment of carrying charges related to the undertakings in clause (i), exclusive of taxes and payments in lieu of taxes, but not beyond the point where such a project is completed; but not the cost of any other undertakings and activities (including, but without being limited to, the cost of surveys and plans, legal services of any kind, and all administrative and overhead expenses of the local public agency) with respect to such project. Where real property in the project area is acquired and is owned as part of the project by the local public agency and such property is not subject to ad valorem taxes by reason of its ownership by the local public agency and payments in lieu of taxes are not made on account of such property, there may (with respect to any project for which a contract of Federal assistance under this title is in force or is hereafter executed, other than a project on which a contract for capital grant is made on a three-fourths basis pursuant to the proviso in the second sentence of section 103(a)) be included, at the discretion of the Administrator, in gross project cost an amount equal to the ad valorem taxes which would have been levied upon such property if it had been subject to ad valorem taxes, but in all cases prorated for the period during which such property is owned by the local public agency as part of the project, and such amount shall also be considered a cash local grant-in-aid within the purview of section 110(d) hereof. Such amount, and the amount of taxes or payments in lieu of taxes included in gross project cost, shall be subject to the approval of the Administrator and such rules, regulations, limitations, and conditions as he may prescribe.

(f) “Net project cost” shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land or other property sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land or other property leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land or other property retained by it for use in accordance with the urban renewal plan.

(g) “Going Federal rate” means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for loan or advance is approved by the Administrator, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May, or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the

interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body, or two or more such entities or bodies; authorized to undertake the project for which assistance is sought. "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

(i) "Land" means any real property, including improved or unimproved land, structures, improvements, easements, incorporeal hereditaments, estates, and other rights in land, legal or equitable.

(j) "Administrator" means the Housing and Home Finance Administrator.

DISASTER AREAS

SEC. 111. Where the local governing body certifies, and the Administrator finds, that an urban area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2(a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster, the Administrator is authorized to extend financial assistance under this title for an urban renewal project with respect to such area without regard to the following:

(1) the "workable program" requirement in section 101(c), except that any contract for temporary loan or capital grant pursuant to this section shall obligate the local public agency to comply with the "workable program" requirement in section 101(c) by a future date determined to be reasonable by the Administrator and specified in such contract;

(2) the requirements in section 105(a)(iii) and section 110(b)(1) that the urban renewal plan conform to a general plan of the locality as a whole and to the workable program referred to in section 101(c);

(3) the "relocation" requirements in section 105(c): *Provided*, That the Administrator finds that the local public agency has presented a plan for the encouragement, to the maximum extent feasible, of the provision of dwellings suitable for the needs of families displaced by the catastrophe or by redevelopment or rehabilitation activities;

(4) the "public hearing" requirement in section 105(d);

(5) the requirements in sections 102 and 110 that the urban renewal area be a slum area or a blighted, deteriorated, or deteriorating area; and

(6) the requirements in section 110 with respect to the predominantly residential character or predominantly residential re-use of urban renewal areas.

In the preparation of the urban renewal plan with respect to a project aided under this section, the local public agency shall give due regard to the removal or relocation of dwellings from the site of recurring floods or other recurring catastrophes in the project area.

INDUSTRIAL REDEVELOPMENT AREAS UNDER THE 'AREA REDEVELOPMENT ACT

SEC. 112. (a) When the Area Redevelopment Administrator certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a "municipality") is situated in an area designated under section 5(a) of the Area Redevelopment Act as an industrial redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economic development, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) that the project area be clearly predominantly residential in character or that it be redeveloped for predominantly residential uses; but no such assistance shall be provided in any area if such Administrator determines that it will assist in relocating business operations from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

(d) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: Provided, That any disposition of such land under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: And provided further, That the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed under section 105(b).

(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section for the completion of such project, notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an industrial redevelopment area under the Area Redevelopment Act.

Section 701 of the Housing Act of 1954

URBAN PLANNING

SEC. 701. To facilitate urban planning for smaller communities lacking adequate planning resources, the Administrator is authorized to make planning grants to State planning agencies for the provision of planning assistance (including surveys, land use studies, urban renewal plans, technical services and other planning work, but excluding plans for specific public works) to cities and other municipalities having a population of less than 25,000 according to the latest decennial census. The Administrator is further authorized to make planning grants for similar planning work (1) in metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning; (2) to cities, other municipalities, and counties having a population of twenty-five thousand or more according to the latest decennial census which (i) *are situated in areas designated by the Area Redevelopment Administrator under section 5(a) of the Area Redevelopment Act as industrial redevelopment areas, or* (ii) *have suffered substantial damage as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2(a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster;* (3) to official governmental planning agencies for areas threatened with rapid urbanization as a result of the establishment or rapid and substantial expansion of a Federal installation; and (4) to State planning agencies, to be used for the provision of planning assistance to the cities, other municipalities, and counties referred to in clause (2) hereof and to the areas referred to in clause (3) hereof. Any grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made and shall be subject to terms and conditions prescribed by the Administrator to carry out this section. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding \$10,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.



86TH CONGRESS
1ST SESSION

Union Calendar No. 134

S. 722

[Report No. 360]

IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1959

Referred to the Committee on Banking and Currency

MAY 14, 1959

Reported with an amendment, committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 ~~That this Act may be cited as the "Area Redevelopment~~
4 ~~Act".~~

5 DECLARATION OF PURPOSE

6 SEC. 2. The Congress declares that the maintenance of
7 the national economy at a high level is vital to the best in-
8 terests of the United States, but that some of our communi-

1 ties are suffering substantial and persistent unemployment
2 and underemployment; that such unemployment and under-
3 employment cause hardship to many individuals and their
4 families and detract from the national welfare by wasting
5 vital human resources; that to overcome this problem the
6 Federal Government, in cooperation with the States, should
7 help areas of substantial and persistent unemployment and
8 underemployment to take effective steps in planning and
9 financing their economic redevelopment; that Federal as-
10 sistance to communities, industries, enterprises, and indi-
11 viduals in areas needing redevelopment should enable such
12 areas to achieve lasting improvement and enhance the do-
13 mestic prosperity by the establishment of stable and diver-
14 sified local economies; and that under the provisions of this
15 Act new employment opportunities should be created by
16 developing and expanding new and existing facilities and
17 resources without substantially reducing employment in other
18 areas of the United States.

19 AREA REDEVELOPMENT ADMINISTRATION

20 SEC. 3. In order to carry out the purposes of this Act,
21 there is hereby established, within the executive branch of
22 the Government, an Area Redevelopment Administration.
23 Such Administration shall be under the direction and control
24 of an Administrator (hereinafter referred to as the "Admin-
25 istrator") who shall be appointed by the President, by and

1 with the advice and consent of the Senate, and shall be
2 compensated at the rate of \$20,000 per annum.

3 ADVISORY BOARD

4 SEC. 4. (a) To advise the Administrator in the per-
5 formance of functions authorized by this Act, there is author-
6 ized to be created an Area Redevelopment Advisory Board
7 (hereinafter referred to as the "Board"), which shall con-
8 sist of the following members, all ex officio: the Administra-
9 tor as Chairman; the Secretaries of Agriculture; Commerce;
10 Defense; Health, Education, and Welfare; Interior; Labor;
11 and Treasury; the Administrators of the General Services
12 Administration; Housing and Home Finance Agency; and
13 Small Business Administration; and the Director of the
14 Office of Defense Mobilization.

15 The Chairman may from time to time invite the partici-
16 pation of officials of other agencies of the executive branch
17 interested in the functions herein authorized. Each member
18 of the Board may designate an officer of his agency to act
19 for him as a member of the Board with respect to any
20 matter there considered.

21 (b) The Administrator shall appoint a National Public
22 Advisory Committee on Area Redevelopment which shall
23 consist of twenty-five members and shall be composed of
24 representatives of labor, management, agriculture, and the
25 public in general. From the members appointed to such

1 Committee the Administrator shall designate a Chairman.
2 Such Committee, or any duly established subcommittee
3 thereof, shall from time to time make recommendations to
4 the Administrator relative to the carrying out of his duties
5 under this Act. Such Committee shall hold not less than
6 two meetings during each calendar year.

7 (c) The Administrator is authorized from time to time
8 to call together and confer with representatives of the vari-
9 ous parties in interest from any industry, including agricul-
10 ture, which has been a primary source of high levels of
11 unemployment or underemployment in the several areas
12 designated by the Administrator as redevelopment areas.
13 The Administrator may also call upon representatives of
14 interested governmental departments and agencies, together
15 with representatives of transportation and other industries, to
16 participate in any conference convened under authority of
17 this subsection whenever he determines that such participa-
18 tion would contribute to a solution of the problems creating
19 such unemployment or underemployment. The representa-
20 tives at any such conference shall consider with and may
21 recommend to the Administrator plans and programs to
22 further the objectives of this Act with special reference to
23 the industry with respect to which the conference was
24 convened.

REDEVELOPMENT AREAS

SEC. 5. (a) The Administrator shall designate as "industrial redevelopment areas" those industrial areas within the United States in which he determines that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any industrial area—

(1) where the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in subparagraph (2) below; and

(2) where the annual average rate of unemployment has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years; or

(B) 75 per centum above the national average for two of the preceding three calendar years; or

(C) 100 per centum above the national average for one of the preceding two years.

Any industrial area in which a substantial part of the employment is or most recently was in an industry adversely affected by the reduction of trade barriers under the Trade Agreements Extension Act of 1951, as amended, with

1 respect to which the President has reported to the
2 Administrator under subsection (f) of this section, and
3 meeting the standards of unemployment set forth in this sec-
4 tion shall be entitled on application to a priority of consider-
5 ation by the Administrator for designation as an industrial
6 redevelopment area.

7 (b) The Administrator shall also designate as "rural
8 redevelopment areas" those rural areas within the United
9 States which he determines are among the highest in num-
10 bers and percentages of low-income families, and in which
11 there exists a condition of substantial and persistent unem-
12 ployment or underemployment. In making the designations
13 under this subsection, the Administrator shall consider, among
14 other relevant factors, the number of low-income farm families
15 in the various rural areas of the United States, the proportion
16 that such low-income families are to the total farm families of
17 each of such areas, the relationship of the income levels of
18 the families in each such area to the general levels of income
19 in the United States, the current and prospective employ-
20 ment opportunities in each such area, the availability of
21 manpower in each such area for supplemental employment,
22 and the proportion of the population of each such area which
23 has been receiving public assistance from the Federal Gov-
24 ernment and/or from the State or States in which such
25 area is located or from any municipality therein.

1 ~~(e)~~ In making the determinations provided for in this
2 section, the Administrator shall be guided, but not conclu-
3 sively governed, by pertinent studies made, and information
4 and data collected or compiled, by ~~(1)~~ departments, agen-
5 cies, and instrumentalities of the Federal Government, ~~(2)~~
6 State and local governments, ~~(3)~~ universities and land-grant
7 colleges, and ~~(4)~~ private organizations.

8 ~~(d)~~ Upon the request of the Administrator, the Sec-
9 retary of Labor, the Secretary of Agriculture, and the Sec-
10 retary of Commerce are respectively authorized to conduct
11 such special studies, obtain such information, and compile
12 and furnish to the Administrator such data as the Admin-
13 istrator may deem necessary or proper to enable him to
14 make the determinations provided for in this section. The
15 Administrator shall reimburse, out of any funds appropriated
16 to carry out the purposes of this Act, the foregoing officers
17 for any expenditures incurred by them under this section.

18 ~~(e)~~ As used in this Act, the term "redevelopment area"
19 refers to any area within the United States which has been
20 designated by the Administrator as an industrial redevel-
21 opment area or a rural redevelopment area, and may include
22 one or more counties, or one or more municipalities, or a
23 part of a county or municipality.

24 ~~(f)~~ In any case in which the President is required ~~(1)~~
25 under the provisions of subsection 4(a) of the Trade Agree-

1 ments Extension Act of 1951 to transmit a message to the
 2 Congress identifying an article with respect to which a trade
 3 agreement has caused or threatened to cause serious injury
 4 to a domestic industry, or ~~(2)~~ under the provisions of subsec-
 5 tion 7(c) of such Act to submit a report to the Committee on
 6 Ways and Means of the House of Representatives and the
 7 Committee on Finance of the Senate stating why he has not
 8 made such adjustments in the rates of duties, imposed such
 9 quotas, or made such other modifications, as are found and
 10 reported by the United States Tariff Commission to be neces-
 11 sary to prevent or remedy serious injury to a domestic
 12 industry, he shall notify the Administrator and shall send
 13 him a copy of such message or report.

14 LOANS AND PARTICIPATIONS

15 SEC. 6. ~~(a)~~ The Administrator is authorized to pur-
 16 chase evidences of indebtedness and to make loans ~~(including~~
 17 ~~immediate participations therein)~~ to aid in financing any
 18 project within a redevelopment area for the purchase or
 19 development of land and facilities ~~(including machinery and~~
 20 ~~equipment)~~ for industrial usage, for the construction of new
 21 factory buildings, for rehabilitation of abandoned or unoc-
 22 cupied factory buildings, or for the alteration, conversion,
 23 or enlargement of any existing buildings for industrial use.
 24 Such financial assistance shall not be extended for working
 25 capital, or to assist establishments relocating from one area

1 to another when such assistance will result in substantial
2 detriment to the area of original location by increasing
3 unemployment.

4 ~~(b)~~ Financial assistance under this section shall be on
5 such terms and conditions as the Administrator determines,
6 subject, however, to the following restrictions and limi-
7 tations:

8 ~~(1)~~ The total amount of loans and loan participations
9 ~~(including purchased evidences of indebtedness)~~ outstanding
10 at any one time under this section ~~(A)~~ with respect to
11 projects in industrial redevelopment areas shall not exceed
12 \$100,000,000; and ~~(B)~~ with respect to projects in rural
13 redevelopments areas shall not exceed \$100,000,000;

14 ~~(2)~~ Except as provided in subsection ~~(c)~~, such assist-
15 ance shall be extended only to applicants, both private and
16 public ~~(including Indian tribes)~~, which have been approved
17 for such assistance by an agency or instrumentality of the
18 State or political subdivision thereof in which the project to
19 be financed is located, and which agency or instrumentality
20 is directly concerned with problems of economic develop-
21 ment in such State or subdivision;

22 ~~(3)~~ The project for which financial assistance is sought
23 is reasonably calculated to provide more than a temporary

1 alleviation of unemployment or underemployment within the
2 redevelopment area wherein it is, or will be, located;

3 ~~(4)~~ No such assistance shall be extended hereunder
4 unless the financial assistance applied for is not otherwise
5 available from private lenders or other Federal agencies on
6 reasonable terms;

7 ~~(5)~~ No loans shall be made unless it is determined that
8 an immediate participation is not available;

9 ~~(6)~~ No evidences of indebtedness shall be purchased
10 and no loans shall be made unless it is determined that there
11 is a reasonable assurance of repayment;

12 ~~(7)~~ Subject to section 12~~(5)~~ of this Act, no loan,
13 including renewals or extension thereof, may be made
14 hereunder for a period exceeding thirty years and no
15 evidences of indebtedness maturing more than thirty
16 years from date of purchase may be purchased hereunder
17 *Provided*, That the foregoing restrictions on maturities
18 shall not apply to securities or obligations received by the
19 Administrator as a claimant in bankruptcy or equitable re-
20 organization or as a creditor in other proceedings attendant
21 upon insolvency of the obligor, or if extension or renewal
22 for additional periods, not to exceed, however, a total of ten
23 years, will aid in the orderly liquidation of such loan or of
24 such evidence of indebtedness;

25 ~~(8)~~ Such loans shall bear interest at a rate equal to the

1 rate of interest paid by the Administrator on funds obtained
2 from the Secretary of the Treasury as provided in section 9
3 of this Act, plus one-half of 1 per centum per annum: *Pro-*
4 *vided*, That an amount equal to one-fourth of 1 per centum
5 per annum of the outstanding principal amount of any loan
6 made under this section shall be allocated from the pay-
7 ments received by the Administrator in the form of interest
8 on such loan to a sinking fund to cover losses on loans under
9 this section;

10 ~~(9)~~ Such assistance shall not exceed 65 per centum of
11 the aggregate cost to the applicant ~~(excluding all other Fed-~~
12 ~~eral aid in connection with the undertaking)~~ of acquiring or
13 developing land and facilities ~~(including machinery and~~
14 ~~equipment)~~, and of constructing, altering, converting, re-
15 habilitating, or enlarging the building or buildings of the
16 particular project and shall, among others, be on the
17 following conditions:

18 ~~(A)~~ That other funds are available in an amount which,
19 together with the assistance provided hereunder, shall be
20 sufficient to pay such aggregate cost;

21 ~~(B)~~ That not less than 10 per centum of such aggregate
22 cost be supplied by the State or any agency, instrumentality,
23 or political subdivision thereof, or by a community or area
24 organization which is nongovernmental in character, as
25 equity capital or as a loan;

1 ~~(C)~~ That in extending financial assistance under this
2 section with respect to an industrial or rural redevelopment
3 area, the Administrator shall require that not less than 5 per
4 centum of the aggregate cost of the project for which such
5 loan is made shall be supplied by nongovernmental sources;

6 ~~(D)~~ That any Federal financial assistance extended
7 under this section in connection with a particular project
8 shall be repayable only after other loans made in connection
9 with such project and in accordance with this section have
10 been repaid in full. If any Federal financial assistance
11 extended under this section is secured, its security shall be
12 subordinate and inferior to the lien or liens securing other
13 loans made in connection with the same project.

14 ~~(10)~~ No such assistance shall be extended unless there
15 shall be submitted to and approved by the Administrator an
16 overall program for the economic development of the area
17 and a finding by the State, or any agency, instrumentality,
18 or local political subdivision thereof, that the project for
19 which financial assistance is sought is consistent with such
20 program: *Provided*, That nothing in this Act shall authorize
21 financial assistance for any project prohibited by laws of
22 the State or local political subdivision in which the project
23 would be located.

24 ~~(e)~~ If there is no agency or instrumentality in any
25 State, or political subdivision thereof, qualified to approve

1 applicants for assistance under this section as provided in
2 paragraph ~~(2)~~ of subsection ~~(b)~~, the Administrator shall;
3 upon determining that any area in such State is a redevelop-
4 ment area, appoint a local redevelopment committee ~~(here-~~
5 ~~inafter referred to as a "local committee")~~ to be composed
6 of not less than seven residents of such area who, as nearly
7 as possible, are representative of labor, commercial, indus-
8 trial, and agricultural groups, and of the residents generally
9 of such area. In appointing any such local committee, the
10 Administrator may include therein members of any existing
11 local redevelopment committees. Financial assistance under
12 this section in connection with projects located in a rede-
13 velopment area, for which a local committee has been ap-
14 pointed under this section, shall be extended only to appli-
15 cants, both private and public ~~(including Indian tribes)~~;
16 which have been approved by such local committee.

17 ~~(d)~~ Of the funds authorized to be raised under section 9
18 of this Act, not more than \$100,000,000 shall be deposited
19 in a revolving fund which shall be used for the purpose of
20 making loans under this section with respect to projects in
21 industrial redevelopment areas, and not more than \$100,-
22 000,000 shall be deposited in a revolving fund which shall
23 be used for the purpose of making loans under this section
24 with respect to projects in rural redevelopment areas.

1 LOANS FOR PUBLIC FACILITIES

2 SEC. 7. (a) Upon the application of any State, or polit-
3 ical subdivision thereof, Indian tribe, or private or public
4 organization or association representing any redevelopment
5 area or part thereof, the Administrator is authorized to make
6 loans to assist in financing the purchase or development of
7 land for public facility usage, and the construction, rehabili-
8 tation, alteration, expansion, or improvement of public facili-
9 ties within any redevelopment area, if he finds that—

10 (1) the project for which financial assistance is
11 sought will provide more than a temporary alleviation
12 of unemployment or underemployment in the redevel-
13 opment area wherein such project is, or will be, located,
14 and will tend to improve the opportunities in such area
15 for the successful establishment or expansion of indus-
16 trial or commercial plants or facilities;

17 (2) the funds requested for such project are not
18 otherwise available on reasonable terms;

19 (3) the amount of the loan plus the amount of other
20 available funds for such projects are adequate to insure
21 the completion thereof; and

22 (4) there is a reasonable expectation of repayment.

23 (b) No loan under this section shall be for an amount
24 in excess of 65 per centum of the aggregate cost of the proj-
25 ect for which such loan is made. Subject to section 12(5);

1 the maturity date of any such loan shall be not later than
2 forty years after the date such loan is made. Any such loan
3 shall bear interest at a rate equal to the rate of interest paid
4 by the Administrator on funds obtained from the Secretary
5 of the Treasury as provided in section 9 of this Act, plus
6 one-quarter of 1 per centum per annum.

7 (c) In making any loan under this section, the Ad-
8 ministrator shall require that not less than 10 per centum of
9 the aggregate cost of the project for which such loan is made
10 shall be supplied by the State (including any political sub-
11 division thereof) within which such project is to be located
12 as equity capital, or as a loan. In determining the amount
13 of participation required under this subsection with respect
14 to any particular project, the Administrator shall give con-
15 sideration to the financial condition of the State or local
16 government, and to the per capita income of the residents
17 of the redevelopment area, within which such project is to
18 be located.

19 (d) Any loan made under this section in connection
20 with a particular project shall be repayable only after other
21 loans made in connection with such project and in accord-
22 ance with this section have been repaid in full. If any loan
23 made under this section is secured, its security shall be
24 subordinate and inferior to the lien or liens securing other
25 loans made in connection with the same project.

1 ~~(e)~~ No financial assistance shall be extended under this
2 section with respect to any public facility which would com-
3 pete with an existing privately owned public utility render-
4 ing a service to the public at rates or charges subject to regu-
5 lation by a State regulatory body, unless the State regulatory
6 body determines that in the area to be served by the public
7 facility for which the financial assistance is to be extended
8 there is a need for an increase in such service ~~(taking into~~
9 ~~consideration reasonably foreseeable future needs)~~ which the
10 existing public utility is not able to meet through its existing
11 facilities or through an expansion which it is prepared to
12 undertake.

13 ~~(f)~~ Of the funds authorized to be raised under sec-
14 tion 9 of this Act, not more than \$100,000,000 shall be
15 deposited in a revolving fund which shall be used for the
16 purpose of making loans under this section.

17 GRANTS FOR PUBLIC FACILITIES

18 SEC. 8. ~~(a)~~ The Administrator may conduct studies of
19 needs in the various redevelopment areas throughout the
20 United States for, and the probable cost of, land acquisition
21 or development for public facility usage, and the construction,
22 rehabilitation, alteration, expansion, or improvement of use-
23 ful public facilities within such areas, and may receive pro-
24 posals from any State, or political subdivision thereof, In-
25 dian tribe, or private or public organization or association

1 representing any redevelopment area, or part thereof, relating
 2 to land acquisition or development for public facility usage,
 3 and the construction, rehabilitation, alteration, expansion,
 4 or improvement of public facilities within any such area.
 5 Any such proposal shall contain plans showing the project
 6 proposed to be undertaken, the cost thereof, and the con-
 7 tributions proposed to be made to such cost by the entity
 8 making the proposal. The Administrator, in consultation
 9 with such entity, is authorized to modify all or any part of
 10 such proposal.

11 (b) The Administrator, pursuant to a proposal received
 12 by him under this section, may make grants to any State, or
 13 political subdivision thereof, Indian tribe, or private or public
 14 organization or association representing any redevelopment
 15 area, or part thereof, for land acquisition or development for
 16 public facility usage, and the construction, rehabilitation,
 17 alteration, expansion, or improvement of public facilities
 18 within a redevelopment area, if he finds that—

19 (1) the project for which financial assistance is
 20 sought will provide more than a temporary alleviation
 21 of unemployment or underemployment in the redevelop-
 22 ment area wherein such project is, or will be, located,
 23 and will tend to improve the opportunities in such area

1 for the successful establishment or expansion of industrial
2 or commercial plants or facilities;

3 ~~(2)~~ the entity requesting the grant proposes to
4 contribute to the cost of the project for which such grant
5 is requested in proportion to its ability so to contribute;
6 and

7 ~~(3)~~ the project for which a grant is requested will
8 fulfill a pressing need of the area, or part thereof, in
9 which it is, or will be, located, and there is little proba-
10 bility that such project can be undertaken without the
11 assistance of a grant under this section.

12 The amount of any grant under this section for any such
13 project shall not exceed the difference between the funds
14 which can be practicably obtained from other sources (in-
15 cluding a loan under section 7 of this Act) for such project,
16 and the amount which is necessary to insure the completion
17 thereof.

18 ~~(c)~~ The Administrator shall by regulation provide for
19 the supervision of carrying out of projects with respect to
20 which grants are made under this section so as to insure that
21 Federal funds are not wasted or dissipated.

22 ~~(d)~~ No financial assistance shall be extended under
23 this section with respect to any public facility which would
24 compete with an existing privately owned public utility
25 rendering a service to the public at rates or charges subject

1 to regulation by a State regulatory body, unless the State
2 regulatory body determines that in the area to be served
3 by the public facility for which the financial assistance is to
4 be extended there is a need for an increase in such service
5 (taking into consideration reasonably foreseeable future
6 needs) which the existing public utility is not able to meet
7 through its existing facilities or through an expansion which
8 it is prepared to undertake.

9 (c) There is hereby authorized to be appropriated
10 not to exceed \$75,000,000 for the purpose of making grants
11 under this section.

12 FUNDS FOR LOANS

13 SEC. 9. To obtain funds for loans under this Act, the
14 Administrator may, with the approval of the President, issue
15 and have outstanding at any one time notes and obligations
16 for purchase by the Secretary of the Treasury in an amount
17 not to exceed \$300,000,000. Such notes or other obliga-
18 tions shall be in such forms and denominations, have such
19 maturities, and be subject to such terms and conditions as
20 may be prescribed by the Administrator with the approval of
21 the Secretary of the Treasury, and shall bear interest at a
22 rate determined by the Secretary of the Treasury, but such
23 rate shall not be greater than the current average yields on
24 outstanding marketable obligations of the United States of
25 comparable maturities as of the last day of the month pre-

1 eeding the issuance of such notes or other obligations. The
2 Secretary of the Treasury is authorized and directed to pur-
3 chase any notes and other obligations issued under this sec-
4 tion and for such purpose is authorized to use as a public
5 debt transaction the proceeds from the sale of any securities
6 issued under the Second Liberty Bond Act, as amended, and
7 the purposes for which securities may be issued under such
8 Act are extended to include any purchases of such notes and
9 other obligations. The Secretary of the Treasury may at
10 any time sell any of the notes or other obligations acquired
11 by him under this section. All redemptions, purchases, and
12 sales by the Secretary of the Treasury of such notes or other
13 obligations shall be treated in every respect as public debt
14 transactions of the United States.

15 INFORMATION

16 SEC. 10. The Administrator shall aid redevelopment
17 areas by furnishing to interested individuals, communities,
18 industries, and enterprises within such areas any assistance,
19 technical information, market research, or other forms of as-
20 sistance, information, or advice which are obtainable from the
21 various departments, agencies, and instrumentalities of the
22 Federal Government and which would be useful in alleviat-
23 ing conditions of excessive unemployment or underemploy-
24 ment within such areas. The Administrator shall furnish the
25 procurement divisions of the various departments, agencies,

1 and other instrumentalities of the Federal Government with
2 a list containing the names and addresses of business firms
3 which are located in redevelopment areas and which are
4 desirous of obtaining Government contracts for the furnish-
5 ing of supplies or services, and designating the supplies and
6 services such firms are engaged in providing.

7 TECHNICAL ASSISTANCE

8 SEC. 11. In carrying out his duties under this Act, the
9 Administrator is authorized to provide technical assistance to
10 areas which he has designated as redevelopment areas under
11 this Act. Such assistance shall include studies evaluating
12 the needs of, and developing potentialities for, economic
13 growth of such areas. Such assistance may be provided by
14 the Administrator through members of his staff or through
15 the employment of private individuals, partnerships, firms,
16 corporations, or suitable institutions, under contracts en-
17 tered into for such purpose. Appropriations are hereby
18 authorized for the purposes of this section in an amount not
19 to exceed \$4,500,000 annually.

20 POWERS OF ADMINISTRATOR

21 SEC. 12. In performing his duties under this Act, the
22 Administrator is authorized to—

23 (1) adopt, alter, and use a seal, which shall be ju-
24 dicially noticed; and subject to the civil service and
25 classification laws, select, employ, appoint, and fix the

1 compensation of such officers, employees, attorneys, and
2 agents as shall be necessary to carry out the provisions
3 of this Act, and define their authority and duties, pro-
4 vide bonds for them in such amounts as the Adminis-
5 trator shall determine, and pay the costs of qualification
6 of certain of them as notaries public;

7 ~~(2)~~ hold such hearings, sit and act at such times
8 and places, and take such testimony, as he may deem
9 advisable;

10 ~~(3)~~ request directly from any executive depart-
11 ment, bureau, agency, board, commission, office, inde-
12 pendent establishment, or instrumentality information,
13 suggestions, estimates, and statistics needed to carry out
14 the purposes of this Act; and each department, bureau,
15 agency, board, commission, office, establishment, or in-
16 strumentality is authorized to furnish such information,
17 suggestions, estimates, and statistics directly to the Ad-
18 ministrator;

19 ~~(4)~~ under regulations prescribed by him, assign
20 or sell at public or private sale, or otherwise dispose of
21 for cash or credit, in his discretion and upon such terms
22 and conditions and for such consideration as he shall
23 determine to be reasonable, any evidence of debt, con-
24 tract, claim, personal property, or security assigned to
25 or held by him in connection with the payment of loans

1 made under this Act, and collect or compromise all ob-
2 ligations assigned to or held by him in connection with
3 the payment of such loans until such time as such obliga-
4 tions may be referred to the Attorney General for suit
5 or collection;

6 ~~(5)~~ further extend the maturity of or renew any
7 loan made under this Act, beyond the periods stated in
8 such loan or in this Act, for additional periods not to
9 exceed ten years, if such extension or renewal will aid
10 in the orderly liquidation of such loan;

11 ~~(6)~~ deal with, complete, renovate, improve, mod-
12 ernize, insure, rent, or sell for cash or credit, upon such
13 terms and conditions and for such consideration as he
14 shall determine to be reasonable, any real or personal
15 property conveyed to, or otherwise acquired by, him in
16 connection with the payment of loans made under this
17 Act;

18 ~~(7)~~ pursue to final collection, by way of compro-
19 mise or other administrative action, prior to reference to
20 the Attorney General, all claims against third parties
21 assigned to him in connection with loans made under
22 this Act. This shall include authority to obtain de-
23 ficiency judgments or otherwise in the case of mort-
24 gages assigned to the Administrator. Section 3709 of
25 the Revised Statutes, as amended ~~(41 U.S.C. 5)~~, shall

1 not apply to any contract of hazard insurance or to any
2 purchase or contract for services or supplies on account
3 of property obtained by the Administrator as a result
4 of loans made under this Act if the premium therefor
5 or the amount thereof does not exceed \$1,000. The
6 power to convey and to execute, in the name of the
7 Administrator, deeds of conveyance, deeds of release,
8 assignments and satisfactions of mortgages, and any
9 other written instrument relating to real or personal
10 property or any interest therein acquired by the Admin-
11 istrator pursuant to the provisions of this Act may be
12 exercised by the Administrator or by any officer or agent
13 appointed by him for that purpose without the execution
14 of any express delegation of power or power of attorney;

15 ~~(8)~~ acquire, in any lawful manner, any property
16 ~~(real, personal, or mixed, tangible or intangible)~~, when-
17 ever deemed necessary or appropriate to the conduct of
18 the activities authorized in sections 6 and 7 of this Act;

19 ~~(9)~~ in addition to any powers, functions, privileges,
20 and immunities otherwise vested in him, take any and
21 all actions, including the procurement of the services of
22 attorneys by contract, determined by him to be neces-
23 sary or desirable in making, servicing, compromising,
24 modifying, liquidating, or otherwise administratively
25 dealing with or realizing on loans made under this Act;

~~(10)~~ to such an extent as he finds necessary to
 carry out the provisions of this Act, procure the tem-
 porary ~~(not in excess of six months)~~ service of experts
 or consultants or organizations thereof, including steno-
 graphic reporting services, by contract or appointment,
 and in such cases such service shall be without regard to
 the civil service and classifications laws, and, except in
 the case of stenographic reporting services by organiza-
 tions, without regard to section 3709 of the Revised
 Statutes ~~(41 U.S.C. 5)~~; any individual so employed
 may be compensated at a rate not in excess of \$75 per
 diem, and, while such individual is away from his home
 or regular place of business, he may be allowed trans-
 portation and not to exceed \$15 per diem in lieu of
 subsistence and other expenses; and

~~(11)~~ establish such rules, regulations, and proce-
 dures as he may deem appropriate in carrying out the
 provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 13. Whenever the Administrator shall determine
 that employment conditions within any area previously desig-
 nated by him as a redevelopment area have changed to such
 an extent that such area is no longer eligible for such desig-
 nation under section 5 of this Act, no further assistance shall

1 be granted under this Act with respect to such area and,
 2 for the purposes of this Act, such area shall not be considered
 3 a redevelopment area: *Provided*, That nothing contained
 4 herein shall ~~(1)~~ prevent any such area from again being
 5 designated a redevelopment area under section 5 of this Act
 6 if the Administrator determines it to be eligible under such
 7 section, or ~~(2)~~ affect the validity of any contracts or under-
 8 takings with respect to such area which were entered into
 9 pursuant to this Act prior to a determination by the Admin-
 10 istrator that such area no longer qualifies as a redevel-
 11 opment area. The Administrator shall keep the departments
 12 and agencies of the Federal Government, and interested
 13 State or local agencies, advised at all times of any changes
 14 made hereunder with respect to the designation of any area.

15 URBAN RENEWAL

16 SEC. 14. ~~(a)~~ Title I of the Housing Act of 1949, as
 17 amended, is amended by adding at the end thereof the
 18 following new section:

19 “INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA
 20 REDEVELOPMENT ACT

21 “SEC. 112. ~~(a)~~ When the Area Redevelopment Admin-
 22 istrator certifies to the Administrator ~~(1)~~ that any county,
 23 city, or other municipality (in this section referred to as a
 24 ‘municipality’) is situated in an area designated under sec-
 25 tion 5 ~~(a)~~ of the Area Redevelopment Act as an industrial

1 redevelopment area, and ~~(2)~~ that there is a reasonable
2 probability that with assistance provided under such Act and
3 other undertakings the area will be able to achieve more than
4 temporary improvement in its economic development; the
5 Administrator is authorized to provide financial assistance to
6 a local public agency in any such municipality under this
7 title and the provisions of this section.

8 ~~“(b)~~ The Administrator may provide such financial
9 assistance under this section without regard to the require-
10 ments or limitations of section ~~110(c)~~ that the project area
11 be clearly predominantly residential in character or that it
12 be redeveloped for predominantly residential uses; but no
13 such assistance shall be provided in any area if such Admin-
14 istrator determines that it will assist in relocating business
15 operations from one area to another when such assistance
16 will result in substantial detriment to the area of original
17 location by increasing unemployment.

18 ~~“(c)~~ Financial assistance under this section may be
19 provided for any project involving a project area including
20 primarily industrial or commercial structures suitable for
21 rehabilitation under the urban renewal plan for the area.

22 ~~“(d)~~ Notwithstanding any other provision of this title,
23 a contract for financial assistance under this section may
24 include provisions permitting the disposition of any land in
25 the project area designated under the urban renewal plan

1 for industrial or commercial uses to any public agency or
 2 nonprofit corporation for subsequent disposition as promptly
 3 as practicable by such public agency or corporation for the
 4 redevelopment of the land in accordance with the urban re-
 5 newal plan: *Provided*, That any disposition of such land
 6 under this section shall be made at not less than its fair
 7 value for uses in accordance with the urban renewal plan:
 8 *And provided further*, That the purchasers from or lessees
 9 of such public agency or corporation, and their assignees,
 10 shall be required to assume the obligations imposed under
 11 section 105(b).

12 “(c) Following the execution of any contract for finan-
 13 cial assistance under this section with respect to any project,
 14 the Administrator may exercise the authority vested in him
 15 under this section for the completion of such project, not-
 16 withstanding any determination made after the execution of
 17 such contract that the area in which the project is located
 18 may no longer be an industrial redevelopment area under
 19 the Area Redevelopment Act.”

20 (b) The next to the last paragraph of section 110(c)
 21 of such Act is amended by inserting after “such projects”
 22 the following: “(including projects assisted under section
 23 112 of this title)”.

URBAN PLANNING GRANTS

SEC. 15. The second sentence of section 701 of the Housing Act of 1954 is amended by adding the following in clause (2) after the words "decennial census which": "(i) are situated in areas designated by the Area Redevelopment Administrator under section 5(a) of the Area Redevelopment Act as industrial redevelopment areas, or (ii)".

VOCATIONAL TRAINING

SEC. 16. (a) The Secretary of Labor, in consultation with the Administrator, shall determine the vocational training or retraining needs of unemployed individuals residing in, or who were last employed in, redevelopment areas and shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

(b) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the vocational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare,

1 through the Commissioner of Education, shall provide as-
 2 sistance, including financial assistance when necessary, to the
 3 appropriate State vocational educational agency in the pro-
 4 vision of such additional facilities or services. If the Seere-
 5 tary of Health, Education, and Welfare finds that the State
 6 vocational educational agency is unable to provide the facili-
 7 ties and services needed, he may, after consultation with
 8 such agency, provide for the same by agreement or contract
 9 with public or private educational institutions: *Provided,*
 10 That any vocational training or retraining provided under
 11 this section shall be designed to enable unemployed in-
 12 dividuals to qualify for new employment in the redevelop-
 13 ment area in which they reside or were last employed.

14 (c) The Secretary of Labor shall arrange to provide
 15 any necessary technical assistance for setting up apprentice-
 16 ships, and to promote journeyman and other job training
 17 in the area.

18 RETRAINING SUBSISTENCE PAYMENTS

19 SEC. 17. (a) The Secretary of Labor in consultation
 20 with the Administrator shall, on behalf of the United States,
 21 enter into agreements with States in which redevelopment
 22 areas are located, under which the Secretary of Labor shall
 23 make payments to such States for the purpose of enabling
 24 such States, as agents of the United States, to make weekly
 25 retraining payments to unemployed individuals residing

1 within such redevelopment areas who are not entitled to
2 unemployment compensation (either because their unem-
3 ployment compensation benefits have been exhausted or
4 because they were not insured for such compensation) and
5 who have been certified by the Secretary of Labor to be
6 undergoing vocational training or retraining under section 16
7 of this Act. Such payments shall be made only during the
8 period the individual is receiving vocational training or re-
9 training under section 16 of this Act, but not in any event to
10 exceed sixteen weeks, and the amounts of such payments
11 shall be equal to the amount of the average weekly unem-
12 ployment compensation payment payable in the State making
13 such payments.

14 (b) The Secretary of Labor and the Administrator
15 shall jointly prescribe such rules and regulations as they may
16 deem necessary to carry out the provisions of this section.

17 (c) There are hereby authorized to be appropriated
18 such sums, not in excess of \$10,000,000, as may be neces-
19 sary to carry out the provisions of this section.

20 **PENALTIES**

21 SEC. 18. (a) Whoever makes any statement knowing
22 it to be false, or whoever willfully overvalues any security,
23 for the purpose of obtaining for himself or for any applicant
24 any loan, or extension thereof by renewal, deferment of
25 action, or otherwise, or the acceptance, release, or substitution

1 of security therefor, or for the purpose of influencing in any
2 way the action of the Administrator, or for the purpose of
3 obtaining money, property, or anything of value, under this
4 Act, shall be punished by a fine of not more than \$10,000
5 or by imprisonment for not more than five years, or both.

6 (b) Whoever, being connected in any capacity with the
7 Administrator ~~(1)~~ embezzles, abstracts, purloins, or willfully
8 misapplies any moneys, funds, securities, or other things of
9 value, whether belonging to him or pledged or otherwise
10 entrusted to him, or ~~(2)~~ with intent to defraud the Admin-
11 istrator or any other body politic or corporate, or any indi-
12 vidual, or to deceive any officer, auditor, or examiner of the
13 Administration, makes any false entry in any book, report, or
14 statement of or to the Administrator, or without being duly
15 authorized, draws any order or issues, puts forth, or assigns
16 any note, debenture, bond, or other obligation, or draft, bill
17 of exchange, mortgage, judgment, or decree thereof, or ~~(3)~~
18 with intent to defraud participates, shares, receives directly
19 or indirectly any money, profit, property, or benefit through
20 any transaction, loan, commission, contract, or any other act
21 of the Administrator, or ~~(4)~~ gives any unauthorized infor-
22 mation concerning any future action or plan of the Adminis-
23 trator which might affect the value of securities, or having
24 such knowledge, invests or speculates, directly or indirectly,
25 in the securities or property of any company or corporation

1 receiving loans or other assistance from the Administrator,
2 shall be punished by a fine of not more than \$10,000 or by
3 imprisonment for not more than five years, or both.

4 EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE
5 EMPLOYEES

6 SEC. 19. No loan shall be made by the Administrator
7 under this Act to any business enterprise unless the owners,
8 partners, or officers of such business enterprise (1) certify
9 to the Administrator the names of any attorneys, agents,
10 or other persons engaged by or on behalf of such business
11 enterprise for the purpose of expediting applications made
12 to the Administrator for assistance of any sort, and the fees
13 paid or to be paid to any such person; and (2) execute an
14 agreement binding any such business enterprise for a
15 period of two years after any assistance is rendered by the
16 Administrator to such business enterprise, to refrain from
17 employing, tendering any office or employment to, or retain-
18 ing for professional services, any person who, on the date
19 such assistance or any part thereof was rendered, or within
20 one year prior thereto, shall have served as an officer, attor-
21 ney, agent, or employee of the Administration, occupying a
22 position or engaging in activities which the Administrator
23 shall have determined involve discretion with respect to the
24 granting of assistance under this Act.

RECORD OF APPLICATIONS

2 SEC. 20. The Administrator shall maintain as a perma-
3 nent part of the records of the Administration a list of appli-
4 cations approved, which shall be kept available for public
5 inspection during the regular business hours of the Adminis-
6 tration. The following information shall be posted in such
7 list as soon as each application is approved: ~~(1)~~ the name
8 of the applicant and, in the case of corporate applications,
9 the names of the officers and directors thereof, ~~(2)~~ the
10 amount and duration of the loan for which application is
11 made, ~~(3)~~ the purposes for which the proceeds of the loan
12 are to be used, and ~~(4)~~ a general description of the security
13 offered.

14 PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

15 SEC. 21. The Administrator shall take such action as
16 may be necessary to insure that all laborers and mechanics
17 employed by contractors or subcontractors on projects under-
18 taken by public applicants assisted under this Act ~~(1)~~ shall
19 be paid wages at rates no less than those prevailing on the
20 same type of work on similar construction in the immediate
21 locality as determined by the Secretary of Labor in accord-
22 ance with the Act of August 30, 1935 ~~(Davis-Bacon Act)~~,
23 and ~~(2)~~ shall be employed not more than forty hours in any
24 one week unless the employee receives wages for his em-

1 ployment in excess of the hours specified above at a rate not
2 less than one and one-half times the regular rate at which
3 he is employed.

4 ANNUAL REPORT

5 SEC. 22. The Administrator shall make a comprehen-
6 sive and detailed annual report to the Congress of his oper-
7 ations under this Act for each fiscal year beginning with the
8 fiscal year ending June 30, 1960. Such report shall be
9 printed, and shall be transmitted to the Congress not later
10 than January 3 of the year following the fiscal year with
11 respect to which such report is made. Such report shall
12 show, among other things, (1) the number and size of Gov-
13 ernment contracts for the furnishing of supplies and services
14 placed with business firms located in redevelopment areas;
15 and (2) the amount and duration of employment resulting
16 from such contracts. Upon the request of the Adminis-
17 trator, the various departments and agencies of the Govern-
18 ment engaged in the procurement of supplies and services
19 shall furnish to the Administrator such information as may
20 be necessary for the purposes of this section.

21 APPROPRIATION

22 SEC. 23. There are hereby authorized to be appropri-
23 ated such sums as may be necessary to carry out the pro-
24 visions of this Act.

1 USE OF OTHER FACILITIES

2 SEC. 24. (a) To avoid duplication of activities and
3 minimize expense in carrying out the provisions of this Act,
4 the Administrator shall, to the extent practicable and with
5 their consent, use the available services and facilities of other
6 agencies and instrumentalities of the Federal Government
7 on a reimbursable basis.

8 (b) Departments and agencies of the Federal Govern-
9 ment shall exercise their powers, duties, and functions in such
10 manner as will assist in carrying out the objectives of this
11 Act. This Act shall be supplemental to any existing au-
12 thority, and nothing herein shall be deemed to be restrictive
13 of any existing powers, duties, and functions of any other
14 department or agency of the Federal Government.

15 RECORDS AND AUDIT

16 SEC. 25. (a) Each recipient of assistance under section
17 6 or 7 of this Act shall keep such records as the Adminis-
18 trator shall prescribe, including records which fully disclose
19 the amount and the disposition by such recipient of the
20 proceeds of such assistance, the total cost of the project or
21 undertaking in connection with which such assistance is given
22 or used, and the amount and nature of that portion of the cost
23 of the project or undertaking supplied by other sources, and
24 such other records as will facilitate an effective audit.

25 (b) The Administrator and the Comptroller General of

1 the United States, or any of their duly authorized repre-
2 sentatives, shall have access for the purpose of audit and
3 examination to any books, documents, papers, and records
4 of the recipient that are pertinent to assistance received
5 under section 6 or 7 of this Act.

6 That this Act may be cited as the "Area Redevelopment
7 Act".

8 DECLARATION OF PURPOSE

9 *SEC. 2. The Congress declares that the maintenance of*
10 *the national economy at a high level is vital to the best in-*
11 *terests of the United States, but that some of our communi-*
12 *ties are suffering substantial and persistent unemployment*
13 *and underemployment; that such unemployment and under-*
14 *employment cause hardship to many individuals and their*
15 *families and detract from the national welfare by wasting*
16 *vital human resources; that to overcome this problem the*
17 *Federal Government, in cooperation with the States, should*
18 *help areas of substantial and persistent unemployment and*
19 *underemployment to take effective steps in planning and*
20 *financing their economic redevelopment; that Federal as-*
21 *sistance to communities, industries, enterprises, and indi-*
22 *viduals in areas needing redevelopment should enable such*
23 *areas to achieve lasting improvement and enhance the do-*
24 *mestic prosperity by the establishment of stable and diver-*
25 *sified local economies; and that under the provisions of this*

1 Act new employment opportunities should be created by
2 developing and expanding new and existing facilities and
3 resources without substantially reducing employment in other
4 areas of the United States.

5 AREA REDEVELOPMENT ADMINISTRATION

6 SEC. 3. In order to carry out the purposes of this Act,
7 there is hereby established, within the executive branch of
8 the Government, an Area Redevelopment Administration.
9 Such Administration shall be under the direction and control
10 of an Administrator (hereinafter referred to as the "Adminis-
11 trator") who shall be appointed by the President, by and
12 with the advice and consent of the Senate, and shall be
13 compensated at the rate of \$20,000 per annum.

14 ADVISORY BOARD

15 SEC. 4. (a) To advise the Administrator in the per-
16 formance of functions authorized by this Act, there is author-
17 ized to be created an Area Redevelopment Advisory Board
18 (hereinafter referred to as the "Board"), which shall con-
19 sist of the following members, all *ex officio*: The Administra-
20 tor as Chairman; the Secretaries of Agriculture; Commerce;
21 Defense; Health, Education, and Welfare; Interior; Labor;
22 and Treasury; the Administrators of the General Services
23 Administration; Housing and Home Finance Agency; and
24 Small Business Administration; and the Director of the
25 Office of Civil and Defense Mobilization.

1 *The Chairman may from time to time invite the partici-*
2 *pation of officials of other agencies of the executive branch*
3 *interested in the functions herein authorized. Each member*
4 *of the Board may designate an officer of his agency to act*
5 *for him as a member of the Board with respect to any matter*
6 *there considered.*

7 *(b) The Administrator shall appoint a National Public*
8 *Advisory Committee on Area Redevelopment which shall*
9 *consist of twenty-five members and shall be composed of*
10 *representatives of labor, management, agriculture, and the*
11 *public in general. From the members appointed to such*
12 *Committee the Administrator shall designate a Chairman.*
13 *Such Committee, or any duly established subcommittee*
14 *thereof, shall from time to time make recommendations to*
15 *the Administrator relative to the carrying out of his duties*
16 *under this Act. Such Committee shall hold not less than*
17 *two meetings during each calendar year.*

18 *(c) The Administrator is authorized from time to time*
19 *to call together and confer with representatives of the various*
20 *parties in interest from any industry, including agricul-*
21 *ture, which has been a primary source of high levels of un-*
22 *employment or underemployment in the several areas desig-*
23 *nated by the Administrator as redevelopment areas. The*
24 *Administrator may also call upon representatives of interested*
25 *governmental departments and agencies, together with repre-*

1 *sentatives of transportation and other industries, to partici-*
2 *pate in any conference convened under authority of this sub-*
3 *section whenever he determines that such participation would*
4 *contribute to a solution of the problems creating such un-*
5 *employment or underemployment. The representatives at*
6 *any such conference shall consider with and may recommend*
7 *to the Administrator plans and programs to further the ob-*
8 *jectives of this Act with special reference to the industry with*
9 *respect to which the conference was convened.*

10 *REDEVELOPMENT AREAS*

11 *SEC. 5. (a) The Administrator shall designate as "in-*
12 *dustrial redevelopment areas" those industrial areas within*
13 *the United States in which he determines that there has*
14 *existed substantial and persistent unemployment for an ex-*
15 *tended period of time. There shall be included among the*
16 *areas so designated any industrial area in which there has*
17 *existed unemployment of not less than (1) 12 per centum*
18 *of the labor force during the twelve-month period imme-*
19 *diately preceding the date on which an application for*
20 *assistance is made under this Act, (2) 9 per centum of the*
21 *labor force during at least fifteen months of the eighteen-*
22 *month period immediately preceding such date, or (3) 6*
23 *per centum of the labor force during at least eighteen months*
24 *of the twenty-four-month period immediately preceding such*
25 *date. Any industrial area in which there has existed un-*

1 employment of not less than 15 per centum of the labor
2 force during the six-month period immediately preceding
3 the date on which application for assistance is made under
4 this Act may be designated as an industrial redevelopment
5 area if the Administrator determines that the principal causes
6 of such unemployment are not temporary in nature.

7 (b) The Administrator shall also designate as "rural
8 redevelopment areas" those rural areas within the United
9 States in which he determines that there exist the largest
10 number and percentage of low-income families, and a con-
11 dition of substantial and persistent unemployment or under-
12 employment. In making the designations under this sub-
13 section, the Administrator shall consider among other
14 relevant factors, the number of low-income farm families
15 in the various rural areas of the United States, the proportion
16 that such low-income families are to the total farm families
17 of each of such areas, the relationship of the income levels
18 of the families in each such area to the general levels of in-
19 come in the United States, the current and prospective em-
20 ployment opportunities in each such area, and the availability
21 of manpower in each area for supplemental employment.
22 There shall be included among the areas designated under
23 this subsection any county (1) which is among the five hun-
24 dred counties in the United States ranked lowest in level of
25 living of farm-operator families, or (2) which is among the

1 *five hundred counties in the United States having the highest*
2 *percentage of commercial farms producing less than \$2,500*
3 *worth of products for sale annually. The Secretary of Agri-*
4 *culture shall compile, and keep current, lists of the counties*
5 *referred to in the preceding sentence, for use by the Adminis-*
6 *trator in making designations under this subsection; and un-*
7 *til such time as a current version of such lists is available*
8 *after the enactment of this Act the Administrator shall make*
9 *such designations on the basis of the "Farm-Operator Family*
10 *Level of Living Indexes for Counties in the United States in*
11 *1954" (published as Statistical Bulletin 204, Department of*
12 *Agriculture, 1957) and volume I of the "1954 Census of*
13 *Agriculture" (Government Printing Office, 1956).*

14 *(c) In making the determinations provided for in this*
15 *section, the Administrator shall be guided, but not conclu-*
16 *sively governed, by pertinent studies made, and information*
17 *and data collected or compiled, by (1) departments, agen-*
18 *cies, and instrumentalities of the Federal Government,*
19 *(2) State and local governments, (3) universities and land-*
20 *grant colleges, and (4) private organizations.*

21 *(d) Upon the request of the Administrator, the Secre-*
22 *tary of Labor, the Secretary of Agriculture, and the Secre-*
23 *tary of Commerce are respectively authorized to conduct*
24 *such special studies, obtain such information, and compile*
25 *and furnish to the Administrator such data as the Admin-*

1 istrator may deem necessary or proper to enable him to
2 make the determinations provided for in this section. The
3 Administrator shall reimburse, out of any funds appropri-
4 ated to carry out the purposes of this Act, the foregoing
5 officers for any expenditures incurred by them under this
6 section.

7 (e) As used in this Act, the term "redevelopment area"
8 refers to any area within the United States which has been
9 designated by the Administrator as an industrial redevel-
10 ment area or a rural redevelopment area, and may include
11 one or more counties, or one or more municipalities, or a
12 part of a county or municipality.

13 LOANS AND PARTICIPATIONS

14 SEC. 6. (a) The Administrator is authorized to pur-
15 chase evidences of indebtedness and to make loans (including
16 immediate participations therein) to aid in financing any
17 project within a redevelopment area for the purchase or
18 development of land and facilities (including machinery and
19 equipment) for industrial usage, for the construction of new
20 factory buildings, for rehabilitation of abandoned or unoc-
21 cupied factory buildings, or for the alteration, conversion, or
22 enlargement of any existing buildings for industrial use.
23 Such financial assistance shall not be extended for working
24 capital, or to assist establishments relocating from one area
25 to another when such assistance will result in substantial

1 detriment to the area of original location by increasing
2 unemployment.

3 (b) Financial assistance under this section shall be on
4 such terms and conditions as the Administrator determines,
5 subject, however, to the following restrictions and limi-
6 tations:

7 (1) The total amount of loans and loan participations
8 (including purchased evidences of indebtedness) outstanding
9 at any one time under this section (A) with respect to
10 projects in industrial redevelopment areas shall not exceed
11 \$75,000,000, and (B) with respect to projects in rural re-
12 development areas shall not exceed \$75,000,000;

13 (2) Except as provided in subsection (c), such assistance
14 shall be extended only to applicants, both private and public
15 (including Indian tribes), which have been approved for
16 such assistance by an agency or instrumentality of the State
17 or political subdivision thereof in which the project to be
18 financed is located, and which agency or instrumentality is
19 directly concerned with problems of economic development in
20 such State or subdivision;

21 (3) The project for which financial assistance is sought
22 is reasonably calculated to provide more than a temporary
23 alleviation of unemployment or underemployment within the
24 redevelopment area wherein it is, or will be, located;

25 (4) No such assistance shall be extended hereunder

1 unless the financial assistance applied for is not otherwise
2 available from private lenders or other Federal agencies on
3 reasonable terms;

4 (5) No loans shall be made unless it is determined that
5 an immediate participation is not available;

6 (6) No evidences of indebtedness shall be purchased
7 and no loans shall be made unless it is determined that there
8 is a reasonable assurance of repayment;

9 (7) Subject to section 11(5) of this Act, no loan may be
10 made hereunder for a period exceeding thirty years and no
11 evidences of indebtedness maturing more than thirty
12 years from date of purchase may be purchased hereunder:
13 Provided, That the foregoing restrictions on maturities shall
14 not apply to securities or obligations received by the Admin-
15 istrator as a claimant in bankruptcy or equitable reorganiza-
16 tion or as a creditor in other proceedings attendant upon
17 insolvency of the obligor;

18 (8) Such loans shall bear interest at a rate determined
19 by the Secretary of the Treasury which shall be not greater
20 than the current average yield on outstanding marketable ob-
21 ligations of the United States of comparable maturities as
22 computed (in the case of any loan) at the end of the month
23 preceding the month in which the loan is made, plus one-half
24 of 1 per centum per annum: Provided, That an amount
25 equal to one-fourth of 1 per centum per annum of the out-

1 standing principal amount of any loan made under this sec-
2 tion shall be allocated from the payments received by the
3 Administrator in the form of interest on such loan to a sink-
4 ing fund to cover losses on loans under this section;

5 (9) Such assistance shall not exceed 65 per centum of
6 the aggregate cost to the applicant (excluding all other Fed-
7 eral aid in connection with the undertaking) of acquiring or
8 developing land and facilities (including machinery and
9 equipment), and of constructing, altering, converting, re-
10 habilitating, or enlarging the building or buildings of the
11 particular project and shall, among others, be on the follow-
12 ing conditions:

13 (A) That other funds are available in an amount which,
14 together with the assistance provided hereunder, shall be
15 sufficient to pay such aggregate cost;

16 (B) That not less than 10 per centum of such aggregate
17 cost be supplied by the State or any agency, instrumentality,
18 or political subdivision thereof, or by a community or area
19 organization which is nongovernmental in character, as equity
20 capital or as a loan;

21 (C) That in extending financial assistance under this
22 section with respect to an industrial or rural redevelopment
23 area, the Administrator shall require that not less than 5
24 per centum of the aggregate cost of the project for which

1 such loan is made shall be supplied by nongovernmental
2 sources; and

3 (D) That if any Federal financial assistance extended
4 under this section is secured, the Administrator shall provide
5 that its security shall be subordinate and inferior to the lien
6 or liens securing other loans made in connection with the
7 same project to the extent he finds such action necessary to
8 encourage financial participation in such project by other
9 lenders and investors; and

10 (10) No such assistance shall be extended unless there
11 shall be submitted to and approved by the Administrator
12 an overall program for the economic development of the area
13 and a finding by the State, or any agency, instrumentality,
14 or local political subdivision thereof, that the project for
15 which financial assistance is sought is consistent with such
16 program: Provided, That nothing in this Act shall authorize
17 financial assistance for any project prohibited by the laws of
18 the State or local political subdivision in which the project
19 would be located.

20 (c) If there is no agency or instrumentality in any
21 State, or political subdivision thereof, qualified to approve
22 applicants for assistance under this section as provided in
23 paragraph (2) of subsection (b), the Administrator shall,

1 upon determining that any area in such State is a redevelop-
2 ment area, appoint a local redevelopment committee (here-
3 inafter referred to as a "local committee") to be composed
4 of not less than seven residents of such area who, as nearly
5 as possible, are representative of labor, commercial, indus-
6 trial, and agricultural groups, and of the residents generally
7 of such area. In appointing any such local committee, the
8 Administrator may include therein members of any existing
9 local redevelopment committees. Financial assistance under
10 this section in connection with projects located in a rede-
11 velopment area, for which a local committee has been ap-
12 pointed under this section, shall be extended only to appli-
13 cants, both private and public (including Indian tribes),
14 which have been approved by such local committee.

15 (d) There is hereby authorized to be appropriated
16 not to exceed \$150,000,000, of which not more than
17 \$75,000,000 shall be deposited in a revolving fund which
18 shall be used for the purpose of making loans under this
19 section with respect to projects in industrial redevelopment
20 areas, and not more than \$75,000,000 shall be deposited
21 in a revolving fund which shall be used for the purpose
22 of making loans under this section with respect to projects
23 in rural redevelopment areas.

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State or political subdivision thereof, or any Indian tribe, the Administrator is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the funds requested for such project are not otherwise available on equally favorable terms;

(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved economic development program as provided in section 6(b)(10) and the project for which financial assistance is sought is consistent with such program.

1 (b) No loan under this section shall be for an amount
2 in excess of the aggregate cost of the project for which such
3 loan is made, as determined by the Administrator. Subject
4 to section 11(5), the maturity date of any such loan shall be
5 not later than 40 years after the date such loan is made.
6 Any such loan shall bear interest at a rate determined by the
7 Secretary of the Treasury which shall be not greater than the
8 average annual interest rate on all interest-bearing obliga-
9 tions of the United States then forming a part of the public
10 debt as computed at the end of the fiscal year next preceding
11 the year in which the loan is made and adjusted to the near-
12 est one-eighth of 1 per centum, plus one-quarter of 1 per
13 centum per annum.

14 (c) There is hereby authorized to be appropriated not
15 to exceed \$50,000,000, which shall be deposited in a revolving
16 fund to be used for the purpose of making loans under this
17 section.

18 (d) No financial assistance shall be extended under this
19 section with respect to any public facility which would com-
20 pete with an existing privately owned public utility rendering
21 a service to the public at rates or charges subject to regulation
22 by a State regulatory body, unless the State regulatory body
23 determines that in the area to be served by the public facility
24 for which the financial assistance is to be extended there is
25 a need for an increase in such service (taking into considera-

1 *tion reasonably foreseeable future needs) which the existing*
2 *public utility is not able to meet through its existing facilities*
3 *or through an expansion which it is prepared to undertake:*

4 *GRANTS FOR PUBLIC FACILITIES*

5 *SEC. 8. (a) The Administrator may conduct studies of*
6 *needs in the various redevelopment areas throughout the*
7 *United States for, and the probable cost of, land acquisition*
8 *or development for public facility usage, and the construc-*
9 *tion, rehabilitation, alteration, expansion, or improvement of*
10 *useful public facilities within such areas, and may receive*
11 *proposals from any State or political subdivision thereof, or*
12 *any Indian tribe, relating to land acquisition or develop-*
13 *ment for public facility usage, and the construction, rehabili-*
14 *tation, alteration, expansion, or improvement of public facili-*
15 *ties within any such area. Any such proposal shall contain*
16 *plans showing the project proposed to be undertaken, the cost*
17 *thereof, and the contributions proposed to be made to such*
18 *cost by the entity making the proposal. The Administrator,*
19 *in consultation with such entity, is authorized to modify all or*
20 *any part of such proposal.*

21 *(b) The Administrator, pursuant to a proposal received*
22 *by him under this section, may make grants to any State or*
23 *political subdivision thereof, or any Indian tribe, for land*
24 *acquisition or development for public facility usage, and the*
25 *construction, rehabilitation, alteration, expansion, or im-*

1 *provement of public facilities within a redevelopment area,*
2 *if he finds that—*

3 *(1) the project for which financial assistance is*
4 *sought will tend to improve the opportunities in such*
5 *area for the successful establishment or expansion of in-*
6 *dustrial or commercial plants or facilities;*

7 *(2) the entity requesting the grant proposes to con-*
8 *tribute to the cost of the project for which such grant is*
9 *requested in proportion to its ability so to contribute;*

10 *(3) the project for which a grant is requested will*
11 *fulfill a pressing need of the area, or part thereof, in*
12 *which it is, or will be, located, and there is little proba-*
13 *bility that such project can be undertaken without the*
14 *assistance of a grant under this section; and*

15 *(4) such area has an approved economic develop-*
16 *ment program as provided in section 6(b)(10) and the*
17 *project for which financial assistance is sought is con-*
18 *sistent with such program.*

19 *The amount of any grant under this section for any such*
20 *project shall not exceed the difference between the funds*
21 *which can be practicably obtained from other sources (in-*
22 *cluding a loan under section 7 of this Act) for such project,*
23 *and the amount which is necessary to insure the completion*
24 *thereof.*

25 *(c) The Administrator shall by regulation provide for*

1 the supervision of carrying out of projects with respect to
2 which grants are made under this section so as to insure that
3 Federal funds are not wasted or dissipated.

4 (d) No financial assistance shall be extended under this
5 section with respect to any public facility which would com-
6 pete with an existing privately owned public utility rendering
7 a service to the public at rates or charges subject to regula-
8 tion by a State regulatory body, unless the State regulatory
9 body determines that in the area to be served by the public
10 facility for which the financial assistance is to be extended
11 there is a need for an increase in such service (taking into
12 consideration reasonably foreseeable future needs) which the
13 existing public utility is not able to meet through its existing
14 facilities or through an expansion which it is prepared to
15 undertake.

16 (e) There is hereby authorized to be appropriated not
17 to exceed \$35,000,000 for the purpose of making grants
18 under this section.

19 INFORMATION

20 SEC. 9. The Administrator shall aid redevelopment
21 areas by furnishing to interested individuals, communities,
22 industries, and enterprises within such areas any assistance,
23 technical information, market research, or other forms of as-
24 sistance, information, or advice which are obtainable from the
25 various departments, agencies, and instrumentalities of the

1 *Federal Government and which would be useful in alleviat-*
2 *ing conditions of excessive unemployment or underemploy-*
3 *ment within such areas. The Administrator shall furnish the*
4 *procurement divisions of the various departments, agencies,*
5 *and other instrumentalities of the Federal Government with*
6 *a list containing the names and addresses of business firms*
7 *which are located in redevelopment areas and which are*
8 *desirous of obtaining Government contracts for the furnish-*
9 *ing of supplies or services, and designating the supplies and*
10 *services such firms are engaged in providing.*

11 *TECHNICAL ASSISTANCE*

12 *SEC. 10. In carrying out his duties under this Act, the*
13 *Administrator is authorized to provide technical assistance to*
14 *areas which he has designated as redevelopment areas under*
15 *this Act. Such assistance shall include studies evaluating*
16 *the needs of, and developing potentialities for, economic*
17 *growth of such areas. Such assistance may be provided by*
18 *the Administrator through members of his staff or through*
19 *the employment of private individuals, partnerships, firms,*
20 *corporations, or suitable institutions, under contracts entered*
21 *into for such purpose. Appropriations are hereby author-*
22 *ized for the purposes of this section in an amount not to*
23 *exceed \$4,500,000 annually.*

POWERS OF ADMINISTRATOR

SEC. 11. *In performing his duties under this Act, the Administrator is authorized to—*

(1) *adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties, provide bonds for them in such amounts as the Administrator shall determine, and pay the costs of qualification of certain of them as notaries public;*

(2) *hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;*

(3) *request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information,*

1 suggestions, estimates, and statistics directly to the
2 Administrator;

3 (4) under regulations prescribed by him, assign
4 or sell at public or private sale, or otherwise dispose of
5 for cash or credit, in his discretion and upon such terms
6 and conditions and for such consideration as he shall
7 determine to be reasonable, any evidence of debt, con-
8 tract, claim, personal property, or security assigned to
9 or held by him in connection with the payment of loans
10 made under this Act, and collect or compromise all ob-
11 ligations assigned to or held by him in connection with
12 the payment of such loans until such time as such obliga-
13 tions may be referred to the Attorney General for suit
14 or collection;

15 (5) further extend the maturity of or renew any
16 loan made or evidence of indebtedness purchased under
17 this Act, beyond the periods stated in such loan or evi-
18 dence of indebtedness or in this Act, for additional
19 periods not to exceed ten years, if such extension or re-
20 newal will aid in the orderly liquidation of such loan
21 or evidence of indebtedness;

22 (6) deal with, complete, renovate, improve, mod-
23 ernize, insure, rent, or sell for cash or credit, upon such
24 terms and conditions and for such consideration as he
25 shall determine to be reasonable, any real or personal

1 *property conveyed to, or otherwise acquired by, him in*
2 *connection with the payment of loans made under this*
3 *Act;*

4 *(7) pursue to final collection, by way of compro-*
5 *mise or other administrative action, prior to reference to*
6 *the Attorney General, all claims against third parties*
7 *assigned to him in connection with loans made under*
8 *this Act. This shall include authority to obtain de-*
9 *ficiency judgments or otherwise in the case of mort-*
10 *gages assigned to the Administrator. Section 3709 of*
11 *the Revised Statutes, as amended (41 U.S.C. 5),*
12 *shall not apply to any contract of hazard insurance or*
13 *to any purchase or contract for services or supplies on*
14 *account of property obtained by the Administrator as a*
15 *result of loans made under this Act if the premium there-*
16 *for or the amount thereof does not exceed \$1,000. The*
17 *power to convey and to execute, in the name of the*
18 *Administrator, deeds of conveyance, deeds of release,*
19 *assignments and satisfactions of mortgages, and any*
20 *other written instrument relating to real or personal*
21 *property or any interest therein acquired by the Admin-*
22 *istrator pursuant to the provisions of this Act may be*
23 *exercised by the Administrator or by any officer or agent*
24 *appointed by him for that purpose without the execution*
25 *of any express delegation of power or power of attorney;*

1 (8) acquire, in any lawful manner, any property
2 (real, personal, or mixed, tangible or intangible), when-
3 ever deemed necessary or appropriate to the conduct of
4 the activities authorized in sections 6 and 7 of this Act;

5 (9) in addition to any powers, functions, privileges,
6 and immunities otherwise vested in him, take any and
7 all actions, including the procurement of the services of
8 attorneys by contract, determined by him to be neces-
9 sary or desirable in making, servicing, compromising,
10 modifying, liquidating, or otherwise administratively
11 dealing with or realizing on loans made under this Act;

12 (10) to such an extent as he finds necessary to
13 carry out the provisions of this Act, procure the tem-
14 porary (not in excess of six months) service of experts
15 or consultants or organizations thereof, including steno-
16 graphic reporting services, by contract or appointment,
17 and in such cases such service shall be without regard to
18 the civil service and classification laws, and, except in
19 the case of stenographic reporting services by organiza-
20 tions, without regard to section 3709 of the Revised
21 Statutes (41 U.S.C. 5); any individual so employed
22 may be compensated at a rate not in excess of \$75 per
23 diem, and, while such individual is away from his home
24 or regular place of business, he may be allowed trans-

1 portation and not to exceed \$15 per diem in lieu of
2 subsistence and other expenses; and

3 (11) establish such rules, regulations, and proce-
4 dures as he may deem appropriate in carrying out the
5 provisions of this Act.

6 TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

7 SEC. 12. Whenever the Administrator shall determine
8 that employment conditions within any area previously
9 designated by him as a redevelopment area have changed to
10 such an extent that such area is no longer eligible for such
11 designation under section 5 of this Act, no further assistance
12 shall be granted under this Act with respect to such area
13 and, for the purposes of this Act, such area shall not be con-
14 sidered a redevelopment area: Provided, That nothing con-
15 tained herein shall (1) prevent any such area from again
16 being designated a redevelopment area under section 5 of
17 this Act if the Administrator determines it to be eligible
18 under such section, or (2) affect the validity of any con-
19 tracts or undertakings with respect to such area which were
20 entered into pursuant to this Act prior to a determination by
21 the Administrator that such area no longer qualifies as a re-
22 development area. The Administrator shall keep the de-
23 partments and agencies of the Federal Government, and in-
24 terested State or local agencies, advised at all times of any

1 changes made hereunder with respect to the designation of
2 any area.

3 *URBAN RENEWAL*

4 *SEC. 13. (a) Title I of the Housing Act of 1949, as*
5 *amended, is amended by adding at the end thereof the*
6 *following new section:*

7 *“INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA*
8 *REDEVELOPMENT ACT*

9 *“SEC. 112. (a) When the Area Redevelopment Admin-*
10 *istrator certifies to the Administrator (1) that any county,*
11 *city, or other municipality (in this section referred to as a*
12 *‘municipality’) is situated in an area designated under sec-*
13 *tion 5(a) of the Area Redevelopment Act as an industrial*
14 *redevelopment area, and (2) that there is a reasonable*
15 *probability that with assistance provided under such Act and*
16 *other undertakings the area will be able to achieve more*
17 *than temporary improvement in its economic development,*
18 *the Administrator is authorized to provide financial assist-*
19 *ance to a local public agency in any such municipality under*
20 *this title and the provisions of this section.*

21 *“(b) The Administrator may provide such financial*
22 *assistance under this section without regard to the require-*
23 *ments or limitations of section 110(c) that the project area*
24 *be clearly predominantly residential in character or that it*
25 *be redeveloped for predominantly residential uses; but no*

1 such assistance shall be provided in any area if such Admin-
2 istrator determines that it will assist in relocating business
3 operations from one area to another when such assistance
4 will result in substantial detriment to the area of original
5 location by increasing unemployment.

6 “(c) Financial assistance under this section may be
7 provided for any project involving a project area including
8 primarily industrial or commercial structures suitable for
9 rehabilitation under the urban renewal plan for the area.

10 “(d) Notwithstanding any other provision of this title,
11 a contract for financial assistance under this section may
12 include provisions permitting the disposition of any land in
13 the project area designated under the urban renewal plan
14 for industrial or commercial uses to any public agency or
15 nonprofit corporation for subsequent disposition as promptly
16 as practicable by such public agency or corporation for the
17 redevelopment of the land in accordance with the urban re-
18 newal plan: Provided, That any disposition of such land
19 to such public agency or corporation under this section shall
20 be made at not less than its fair value for uses in accordance
21 with the urban renewal plan: And provided further, That
22 the purchasers from or lessees of such public agency or corpo-
23 ration, and their assignees, shall be required to assume the
24 obligations imposed under section 105(b).

25 “(e) Following the execution of any contract for finan-

1 *cial assistance under this section with respect to any project,*
 2 *the Administrator may exercise the authority vested in him*
 3 *under this section for the completion of such project, not-*
 4 *withstanding any determination made after the execution of*
 5 *such contract that the area in which the project is located*
 6 *may no longer be an industrial redevelopment area under*
 7 *the Area Redevelopment Act.*

8 “(f) Not more than 10 per centum of the funds author-
 9 ized for capital grants under section 103 after January 1,
 10 1959, shall be available to provide financial assistance under
 11 this section.”

12 URBAN PLANNING GRANTS

13 SEC. 14. The second sentence of section 701 of the
 14 Housing Act of 1954 is amended by adding the following
 15 in clause (2) after the words “decennial census which”:
 16 “(i) are situated in areas designated by the Area Redevelop-
 17 ment Administrator under section 5(a) of the Area Re-
 18 development Act as industrial redevelopment areas, or (ii)”.

19 VOCATIONAL TRAINING

20 SEC. 15. (a) The Secretary of Labor is authorized,
 21 upon request and whenever he determines such studies are
 22 needed, to undertake, or to provide assistance to others in,
 23 studies of the size, characteristics, skills, adaptability, occu-
 24 pational potentialities, and related aspects of the labor force
 25 of any redevelopment area.

1 (b) When skills of the labor force in a redevelopment
2 area are not such as to facilitate full utilization of the human
3 resources in such area, the Secretary of Labor is authorized
4 to provide advice and technical assistance in developing and
5 carrying out a program to improve the utilization of such
6 labor force.

7 (c) Whenever the Secretary of Labor finds a need for
8 vocational education services in a redevelopment area and
9 when such area has an approved economic development pro-
10 gram as provided in section 6(b)(10), he is authorized to
11 assist interested agencies to determine the vocational training
12 needs of unemployed individuals residing in the area, and
13 he shall notify the Secretary of Health, Education, and Wel-
14 fare of the vocational training or retraining requirements of
15 the area. The Secretary of Health, Education, and Welfare,
16 through the Commissioner of Education, is authorized to
17 provide assistance, including financial assistance when neces-
18 sary or appropriate, to the State board for vocational educa-
19 tion in the provision of such services in the area. There is
20 hereby authorized to be appropriated not to exceed \$1,500,000
21 annually for the purpose of providing financial assistance
22 under this subsection.

23 (d) Any vocational training or retraining provided
24 under this section shall be designed to enable unemployed

1 individuals to qualify for new employment in the redevelop-
2 ment area.

3 RETRAINING SUBSISTENCE PAYMENTS

4 SEC. 16. (a) The Secretary of Labor in consultation
5 with the Administrator shall, on behalf of the United States,
6 enter into agreements with States in which redevelopment
7 areas are located under which the Secretary of Labor shall
8 make payments to such States for the purpose of enabling
9 such States, as agents of the United States, to make weekly
10 retraining payments to unemployed individuals residing
11 within such redevelopment areas who are not entitled to
12 unemployment compensation (either because their unemploy-
13 ment compensation benefits have been exhausted or because
14 they were not insured for such compensation) and who have
15 been certified by the Secretary of Labor to be undergoing
16 vocational training or retraining under section 15 of this
17 Act. Such payments shall be made for a period not exceed-
18 ing thirteen weeks, and the amounts of such payments shall
19 be equal to the amount of the average weekly unemploy-
20 ment compensation payment payable in the State making
21 such payments.

22 (b) The Secretary of Labor and the Administrator shall
23 jointly prescribe such rules and regulations as they may
24 deem necessary to carry out the provisions of this section.

25 (c) There are hereby authorized to be appropriated

1 such sums, not in excess of \$10,000,000, as may be neces-
2 sary to carry out the provisions of this section.

3 *PENALTIES*

4 *SEC. 17. (a) Whoever makes any statement knowing*
5 *it to be false, or whoever willfully overvalues any security,*
6 *for the purpose of obtaining for himself or for any applicant*
7 *any loan, or extension thereof by renewal, deferment of*
8 *action, or otherwise, or the acceptance, release, or substitution*
9 *of security therefor, or for the purpose of influencing in any*
10 *way the action of the Administrator, or for the purpose of*
11 *obtaining money, property, or anything of value, under this*
12 *Act, shall be punished by a fine of not more than \$10,000*
13 *or by imprisonment for not more than five years, or both.*

14 *(b) Whoever, being connected in any capacity with the*
15 *Administrator, (1) embezzles, abstracts, purloins, or willfully*
16 *misapplies any moneys, funds, securities, or other things of*
17 *value, whether belonging to him or pledged or otherwise*
18 *entrusted to him, or (2) with intent to defraud the Admin-*
19 *istrator or any other body politic or corporate, or any indi-*
20 *vidual, or to deceive any officer, auditor, or examiner of the*
21 *Administration, makes any false entry in any book, report, or*
22 *statement of or to the Administrator, or without being duly*
23 *authorized, draws any order or issues, puts forth, or assigns*
24 *any note, debenture, bond, or other obligation, or draft, bill*
25 *of exchange, mortgage, judgment, or decree thereof, or (3)*

1 *with intent to defraud participates, shares, receives directly*
2 *or indirectly any money, profit, property, or benefit through*
3 *any transaction, loan, commission, contract, or any other act*
4 *of the Administrator, or (4) gives any unauthorized infor-*
5 *mation concerning any future action or plan of the Adminis-*
6 *trator which might affect the value of securities, or having*
7 *such knowledge, invests or speculates, directly or indirectly,*
8 *in the securities or property of any company or corporation*
9 *receiving loans or other assistance from the Administrator,*
10 *shall be punished by a fine of not more than \$10,000 or by*
11 *imprisonment for not more than five years, or both.*

12 *EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE*
13 *EMPLOYEES*

14 *SEC. 18. No loan shall be made by the Administrator*
15 *under this Act to any business enterprise unless the owners,*
16 *partners, or officers of such business enterprise (1) certify*
17 *to the Administrator the names of any attorneys, agents,*
18 *or other persons engaged by or on behalf of such business*
19 *enterprise for the purpose of expediting applications made*
20 *to the Administrator for assistance of any sort, and the fees*
21 *paid or to be paid to any such person; and (2) execute an*
22 *agreement binding any such business enterprise for a*
23 *period of two years after any assistance is rendered by the*
24 *Administrator to such business enterprise, to refrain from*
25 *employing, tendering any office or employment to, or retain-*

1 *ing for professional services, any person who, on the date*
2 *such assistance or any part thereof was rendered, or within*
3 *one year prior thereto, shall have served as an officer, attor-*
4 *ney, agent, or employee of the Administration, occupying a*
5 *position or engaging in activities which the Administrator*
6 *shall have determined involve discretion with respect to the*
7 *granting of assistance under this Act.*

8 *PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK*

9 *SEC. 19. The Administrator shall take such action as*
10 *may be necessary to insure that all laborers and mechanics*
11 *employed by contractors or subcontractors on projects under-*
12 *taken by public applicants assisted under this Act (1) shall*
13 *be paid wages at rates no less than those prevailing on the*
14 *same type of work on similar construction in the immediate*
15 *locality as determined by the Secretary of Labor in accord-*
16 *ance with the Act of August 30, 1935 (Davis-Bacon Act),*
17 *and (2) shall be employed not more than forty hours in any*
18 *one week unless the employee receives wages for his em-*
19 *ployment in excess of the hours specified above at a rate*
20 *not less than one and one-half times the regular rate at which*
21 *he is employed.*

22 *ANNUAL REPORT*

23 *SEC. 20. The Administrator shall make a comprehen-*
24 *sive and detailed annual report to the Congress of his opera-*
25 *tions under this Act for each fiscal year beginning with the*

1 *fiscal year ending June 30, 1960. Such report shall be*
2 *printed, and shall be transmitted to the Congress not later than*
3 *January 3 of the year following the fiscal year with respect*
4 *to which such report is made. Such report shall show,*
5 *among other things, (1) the number and size of Govern-*
6 *ment contracts for the furnishing of supplies and services*
7 *placed with business firms located in redevelopment areas,*
8 *and (2) the amount and duration of employment resulting*
9 *from such contracts. Upon the request of the Administrator,*
10 *the various departments and agencies of the Government*
11 *engaged in the procurement of supplies and services shall*
12 *furnish to the Administrator such information as may be*
13 *necessary for the purposes of this section.*

14 *APPROPRIATION FOR ADMINISTRATIVE EXPENSES*

15 *SEC. 21. There are hereby authorized to be appropri-*
16 *ated such sums as may be necessary for the administrative*
17 *expenses incurred in carrying out the provisions of this Act.*

18 *USE OF OTHER FACILITIES*

19 *SEC. 22. (a) To avoid duplication of activities and*
20 *minimize expense in carrying out the provisions of this Act, the*
21 *Administrator shall, to the extent practicable and with their*
22 *consent, use the available services and facilities of other*
23 *agencies and instrumentalities of the Federal Government*
24 *on a reimbursable basis.*

25 *(b) Departments and agencies of the Federal Govern-*

1 *ment shall exercise their powers, duties, and functions in such*
2 *manner as will assist in carrying out the objectives of this*
3 *Act. This Act shall be supplemental to any existing author-*
4 *ity, and nothing herein shall be deemed to be restrictive*
5 *of any existing powers, duties, and functions of any other*
6 *department or agency of the Federal Government.*

7 *RECORDS AND AUDIT*

8 *SEC. 23. (a) Each recipient of assistance under section*
9 *6, 7, or 8 of this Act shall keep such records as the Adminis-*
10 *trator shall prescribe, including records which fully disclose*
11 *the amount and the disposition by such recipient of the pro-*
12 *ceeds of such assistance, the total cost of the project or under-*
13 *taking in connection with which such assistance is given or*
14 *used, and the amount and nature of that portion of the cost*
15 *of the project or undertaking supplied by other sources, and*
16 *such other records as will facilitate an effective audit.*

17 *(b) The Administrator and the Comptroller General of*
18 *the United States, or any of their duly authorized representa-*
19 *tives, shall have access for the purpose of audit and examina-*
20 *tion to any books, documents, papers, and records of the re-*
21 *cipient that are pertinent to assistance received under section*
22 *6, 7, or 8 of this Act.*

Passed the Senate March 23, 1959.

Attest:

FELTON M. JOHNSTON,

Secretary.

86TH CONGRESS
1ST SESSION

S. 722

[Report No. 360]

AN ACT

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

MARCH 24, 1959

Referred to the Committee on Banking and Currency

MAY 14, 1959

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Washington Post of May 4, 1959, also the indicated editorial follow:

[From the Wall Street Journal, May 1, 1959]

INVASION FUROR MASKS THREAT OF ANOTHER PANAMA CANAL RAID—POLITICAL PRESSURES ARE MOUNTING FOR UNITED STATES TO SPLIT CANAL REVENUES WITH PANAMA

(By Henry Gemmill)

PANAMA CITY.—"Traffic is running out of our ears," says Maj. Gen. William Potter, President of the U.S. Government-owned Panama Canal Company. "Right now we are handling the business that 2 years ago our charts showed would not be reached until 1968. March was the first month in history that we handled over 1,000 ships and tolls passed \$4 million; the April figures will be even bigger."

This economic data suggests the most important men to watch in Panama today are perhaps not the 89 invaders from Cuba who are holed up in the village of Nombre de Dios (Name of God), nor their asserted chieftain Roberto Arias, who is holed up in the Brazilian Embassy here, but another young man, named Aquilino Boyd, and his zealous associates.

WAS FOREIGN MINISTER

Handsome Aquilino, still in his thirties, has already been foreign minister, is now among the most vocal members of the National Assembly, and has formed a new party which proclaims as its objective getting for Panama 50 percent of all the canal's gross revenues. Last year that half share would have come to more than \$21 million from tolls alone, or \$41 million if revenues from the Canal Company's sales of goods and services were counted in. And the figures are headed sharply higher. This would be a hefty increase indeed over the \$1.9 million which the United States now pays yearly for its leasehold on the isthmus right-of-way.

General Potter is one of the few men on the isthmus who never, never talks politics. But everyone else is willing to grant that Senor Boyd is already running hard to win the Presidency in elections just a year away. He is supported by some brilliant men. One is Ernesto Castillero, who is both a widely read newspaper polemicist and professor at the state university, from which students frequently storm the streets. Another is the brother of Roberto Arias, Gilberto, who is known as the smart boy of the family.

Making a grab for canal property or money is the traditional road to political success in Panama. Whether or not Aquilino Boyd hits the jackpot, his ambitious drive is likely to force competitive claims by the older parties, the Coalition Party to which present President Ernesto de la Guardia belongs, and the Liberals. This is increasingly true, veteran observers here agree, as political ferment in Panama rises.

The invasion from Cuba is just the latest evidence of this instability. Earlier symptoms were sporadic outbreaks in the Provinces and rioting in the capital. The De la Guardia administration has no tight hold on the loyalty of the populace even in this moment of a threat from abroad. Talk to a taxi driver or to a white-collar worker in Panama City and you are likely to hear, "It doesn't matter who wins—one crowd is as bad as another."

GENERAL REVOLT UNLIKELY

Unless more boatloads of invaders arrive from Cuba—and there are reports they are headed this way—it seems unlikely that any general revolt could take place here now. But the pressure for political upheaval is always present. To understand the instability of Panama politics one must begin with economics.

The million people in this stringbean nation have ever since independence relied pri-

marily upon canal revenues and jobs as the mainspring of their economy. Apart from a few plants such as a cement factory, plywood mill, and a small new steel mill, there is little industry. About 20 percent of the working force gets its money directly from the U.S. operation of the canal and defense forces based in the Canal Zone and from one private American firm, Chiriqui Land Co., banana growing subsidiary of United Fruit. All these are paid far more than the rest of the labor force. A large proportion of the nation is made up of subsistence farmers who squat on land, burn it, poke the ground with the machetes to plant a little rice, and then move on in 3 or 4 years when the land is exhausted. Some 12,000 squatters live on the outskirts of this city, too, some of them among the ruins of the old Panama which was sacked by pirate Henry Morgan. There is even a squatters' union with headquarters here. About 12 percent of the labor force is jobless and the per capita income runs about \$237 yearly.

Most of these people consider themselves politically disenfranchised. So do many educated youngsters who go through the university and then find jobs scarce. Lawyers and other middle-class folk share their dissatisfaction. The complaint is that a very few families—proud of their wealth and the purity of their "white blood"—have a monopoly of political power, though they may feud bitterly among themselves. Elections are held which are rated rather honest, as those in Latin America go.

The political aristocracy obviously sits on dynamite. The coalition party's strong man, Jose Antonio Remon, who had been boss of the national guard before his election in 1952, was machinegunned to death 2 years later. Mr. De la Guardia, elected 3 years ago after an interim regime, is rated an earnest fellow who has tried to improve health, nutrition and education. He has just launched a public housing program to get some of the populace out of the shacks. But he is not a forceful character, as may perhaps be indicated by his reluctance to send his thousands of national guardsmen in to clean up the pocket of Cuban invaders.

SPENDING SPREE

Having made plenty of money in the brewing business, he is not considered to be hungry for political graft. But even his reputation of high honesty has been besmirched by subordinates. Members of the Panama City Council, appointed by the President, were accused of speculations, such as spending \$200 for a broom, and after a crusading radio station stirred up a riot, he had to send them on a 90-day leave of absence.

This is about up, incidentally, and the old councilmen say they will resume their seats even if force is required. His greatest misfortune was to fall out with the Arias family. Young Roberto and Gilberto are the members most in the public eye, but chief of the clan is their father, Harmodio. He is a lawyer of note, representing "flag of convenience" shipping firms.

Son Gilberto stuck to the political road but son Roberto took to plotting the invasion from Cuba, according to official accounts which seem backed by the evidence and, although Panama officially accepts Fidel Castro's disapproval of the Cuban maneuvers, it is privately and generally believed that he knew and approved of them.

CASTRO'S MOTIVE QUESTIONED

Certainly Casto knew Roberto Arias; he had entertained him in Havana and decorated his wife, British ballerina Dame Margot Fonteyn. Certainly the Panama Government had issued public warning in advance that an invasion was being mounted in Cuba. The question Panamanians are asking is why Fidel, a man who vows his

sympathy for the masses, would lend support to an attempted coup by an aristocrat.

One school of thought holds that the Cuban is irrational and there is no use trying to make sense of what he does. The other holds that he calculated quite coldly that he figured the invasion would be accompanied by a popular uprising in Panama and that Roberto Arias would be brushed aside by some more radical figure during the course of the bloodletting. At any rate, all agree that coordination of the invasion forces was completely bungled and the forces that landed are no threat but merely an embarrassment.

They embarrass Casto. They embarrass De la Guardia. They embarrass the United States. American forces in this area could doubtless wipe out the invaders in a half hour but this probably would result in civilian casualties in Nombre de Dios. The whole incident could become another example of U.S. imperialism and colonialism for the leftists of Latin America to talk about endlessly.

Even events as they stand now are being turned against the United States. The afternoon newspaper Pan American yesterday afternoon gave prominent display in the space where editorials would normally appear to an anonymous letter attacking the United States.

[From the Washington Post and Times Herald, May 4, 1959]

REBEL BANDS STILL THREATEN PANAMA RULE

(By Jules Dubois)

PANAMA CITY, May 3.—The invasion attempt to overthrow President Ernesto de la Guardia, Jr., failed by quick action of the Organization of American States and the Cuban Government, but he still faces a precarious 16 months before his 4-year term ends.

The revolutionary plans suffered a major setback but they have not collapsed. Rebel students are prowling the jungles of the Province of Colon, not far from Nombre de Dios, where the Cuban invaders surrendered Friday, and a clash has been reported with troops of Panama's Guardia Nacional.

Extremely divergent political forces are involved in the conflict here.

Roberto E. Arias and his cousin, Ruben O. Miro, may have been motivated by desires of revenge, power, and financial gain, but others, notably the Panama Students Federation, want to produce a leftist social revolution with heavy overtones of anti-Americanism.

Leaders of the Students Federation expect other groups of rebel Panamanians to appear soon in the hills of the interior in action against the Guardia Nacional, which has a total force of 2,800 men throughout the country.

Humberto Brugiatti, provisional president of the Students Federation and one of the leaders of the Union of University Students, denies that the body is dominated by Communists. But in the next breath he emphasizes that the Students Federation is not anti-Communist.

The students have a list of immediate demands. The first is that De La Guardia and Col. Bolivar Vallarino, commander of the Guardia Nacional, must go.

Two major demands that directly affect the United States are supported even in Government quarters. They are the recognition of Panama's titular sovereignty in the Canal Zone and a share for Panama of 50 percent of the gross revenue of the Panama Canal.

[From the Washington Post, Apr. 26, 1959]

NEW LOOK AT PANAMA

The real importance of the cloak-and-dagger melodrama involving Margot Fonteyn

and the ballerina's Panamanian husband is that it draws attention to a tide of unrest evident for some months in Panama. So far, the recurrent disturbances have seemed mainly to be a dispute between President de la Guardia and his opponents among the small clique of families that dominate the Republic's politics. But it may not remain so for long. There is an awakening nationalism in the Caribbean and it would be unrealistic to assume that Panama can seal itself off from the forces that have found a symbol in Fidel Castro's Cuba. Significantly, the Panamanians have accused Cuba of permitting the training of an army of revolutionary exiles.

Whatever the truth in this assertion—and it is worth stressing that Panama is far from a dictatorship—sooner or later another sleeping issue will become alive again. The issue, of course, is the status of the Panama Canal. An especially pertinent article in the current Foreign Affairs makes this warning: "In the long run the United States will confront a situation not unlike the British in Suez." The authors, Martin Travis and James Watkins, propose the internationalization of the Canal under the United Nations.

There are good and cogent reasons for considering a change in the status of the Canal. In years past, strategic interests made it imperative that the United States safeguard the Canal through American ownership. But the development of missiles—and of aircraft carriers with canted decks too great for the Gaillard Narrows—has markedly changed the Canal's priority claim. Nonetheless U.S. policy has remained geared to an outdated military requirement.

Under the 1903 Treaty with the fledgling Republic of Panama, the United States was granted in perpetuity the right of using and controlling the Canal Zone. Panamanians have long contended that this treaty is an affront to their sovereignty, and it is no secret that Panama ultimately hopes to inherit the Canal. The Republic undoubtedly has a strong claim, but there is an alternative which this newspaper has suggested before. That is to consider ways of placing the Canal under the Organization of American States, so that 21 flags would fly in the zone rather than 1.

As with any other proposed change, this plan would involve difficulties; for one thing,

a new arrangement must take full account of Panama's interests. Yet the proposal could give new meaning to Pan Americanism and to the principle of international control of great waterways. And in any event, the important thing is to understand the need to take a new look before a distant storm becomes a hurricane.

THE AREA REDEVELOPMENT BILL

Mr. FLOOD. Mr. Speaker, in order to keep all those interested in the progress of the Area Redevelopment Bill informed and up-to-date, I am herewith submitting a list of the amendments made by the House Banking and Currency Subcommittee, headed by Congressman WRIGHT PATMAN, to this bill, and which has been reported out by the full committee on Banking and Currency and has been sent to the House Rules Committee for its consideration and action.

In order to further inform all those interested in this vital legislation, I am also submitting a list of the Congressional Districts with labor markets suffering from substantial labor surplus, as well as rural redevelopment areas, such list indicates current and prospective date of eligibility for benefits under the area redevelopment bill, H.R. 3505.

I am sure, Mr. Speaker, this material will serve as an excellent reference for all who wish to make use of it. This data and information has been compiled by the Area Employment Expansion Committee, 99 University Place, New York, N.Y., under the supervision and direction of Mr. Solomon Barkin, secretary treasurer of the committee.

AMENDMENTS TO AREA REDEVELOPMENT BILL H.R. 3505 IN COMMITTEE

1. Eligibility criteria for rural areas: Administrator must designate any rural county on either of two 1954 lists of counties with lowest farm incomes and levels of living; may designate other counties under criteria of original bill.

2. Financing: Loan funds must be appropriated (bill now allows borrowing such funds from Treasury).

3. Dollar amounts:

(In millions)		
	Now	Proposed
Plant loans:		
Industrial areas.....	\$100.0	\$75.0
Rural areas.....	100.0	75.0
Public facility loans.....	100.0	50.0
Public facility grants.....	75.0	35.0
Retraining subsistence payments.....	10.0	10.0
Vocational training grants.....	(1)	1.5
Technical assistance.....	24.5	24.5
Total.....	389.5	251.0

¹ No amount specified.

² Per year.

4. Public facility loans and grants:

(a) No loans or grants to private organizations.

(b) Interest rate lowered on loans (from 4 percent to 2½ percent under present conditions).

(c) Loan may cover entire cost (bill now limits to 65 percent).

(d) Requirement that public works project itself provide permanent jobs is eliminated.

(e) Loans may be made where not otherwise available on "equally favorable terms." (Bill now says "reasonable terms").

(f) Both loans and grants must be consistent with approved overall redevelopment program.

(g) Loan or grant is prohibited for facility that would compete with existing privately-owned public utility unless State agency finds need.

5. Urban renewal grants: Not more than 10 percent of new funds authorized for total urban renewal program may be used under area redevelopment program.

6. Vocational training:

(a) Dollar limit on financial assistance (\$1.5 million a year).

(b) Financial assistance must be channeled through State board for vocational education.

(c) Authority for Secretary of Labor to issue vocational training regulations jointly with Administrator is eliminated.

7. Records and audit: Recipients of plant loans or public facility loans or grants must keep records, submit to GAO audit.

Congressional districts with labor markets suffering from substantial labor surplus, indicating current and prospective date of eligibility for benefits under area redevelopment bill, April 1959

(NOTE.—The following is a list of labor markets with a substantial labor surplus. Those currently eligible for benefits under proposed area redevelopment legislation are marked with (*). See note at end of table. The earliest likely date of eligibility for other labor markets is noted where information is available, on the assumption that the current level of unemployment will continue. A list of rural counties eligible for benefits is available separately.)

Congressman	Labor market area	Earliest prospective date of eligibility	Congressman	Labor market area	Earliest prospective date of eligibility
Alabama:			Connecticut:		
Boykin.....	Mobile.....	September 1959.	Bowles.....	Middletown (part).....	May 1959.
Elliott.....	*Jasper (Walker).....			*Norwich.....	
	*Florence-Sheffield (Franklin).....			Thompsonville (part).....	April 1959.
Grant.....	Escambia (Escambia).....	March 1960.		Willimantic.....	May 1959.
Huddleston.....	Birmingham (Jefferson).....	July 1959.		Danielson.....	
Jones.....	*Florence-Sheffield (Franklin).....		Daddario.....	Bristol.....	
	Decatur (Morgan).....	Do.		New Britain.....	Do.
Rains.....	*Gadsden (Etowah).....			*Meriden (part).....	
	*Alexander City (Tallapoosa).....			Middletown (part).....	Do.
Roberts.....	*Anniston (Calhoun).....			Thompsonville (part).....	April 1959.
	*Talladega.....			*Torrington.....	
	*Alexander City (Coosa).....		Glaimo.....	*Ansonia (part).....	
Arkansas:	Selma (Dallas).....	March 1960.		Bridgeport (part).....	Do.
Harris.....				*Meriden (part).....	
	*Texarkana (Miller).....			New Haven.....	August 1959.
Gathings.....	Magnolia (Columbia).....			Waterbury (part).....	June 1959.
Trimble.....	Helena-West Helena (Phillips).....		Irwin.....	Bridgeport (part).....	April 1959.
California: O. W. Miller.....	Fort Smith (Sebastian).....	July 1959.		*Ansonia (part).....	
	Eureka.....	Seasonally high unemployment in area.		Danbury (part).....	June 1959.
		Do.	Kowalski (at large).....		
	Ukiah.....		Monagan.....	*Bristol (part).....	
	Crescent City (Del Norte).....			Danbury (part).....	Do.
Colorado: Johnson.....	Longmont (part of Boulder and Weld).....			Waterbury (part).....	Do.
				*Torrington (part).....	

Footnotes at end of table.

Congressional districts with labor markets suffering from substantial labor surplus, indicating current and prospective date of eligibility for benefits under area redevelopment bill, April 1959—Continued

(NOTE.—The following is a list of labor markets with a substantial labor surplus. Those currently eligible for benefits under proposed area redevelopment legislation are marked with (*). See note at end of table. The earliest likely date of eligibility for other labor markets is noted where information is available, on the assumption that the current level of unemployment will continue. A list of rural counties eligible for benefits is available separately.)

Congressman	Labor market area	Earliest prospective date of eligibility	Congressman	Labor market area	Earliest prospective date of eligibility
Florida:			Kentucky:		
Herlong, Junior	St. Augustine (St. Johns)		Burke	Louisville	May 1959.
Sikes	Apalachicola (Franklin)		Natcher	*Madisonville (Hopkins, Webster)	
Georgia:			Perkins	*Owensboro (Davies)	
Blitch	Waycross (Ware)			*Hazard (Breathitt, Letcher, Perry)	
Brown	*Tooea (Franklin)			*Morehead-Grayson (Carter, Elliott, Greenup, Rowan)	
Flynt, Junior	Warrenton (Warren)			*Paintsville-Prestonsburg (Floyd, Johnson, Knott, Magoffin, Martin)	
Forrester	Carrollton (city of Carrollton and Carroll)			*Pikeville-Williamson (Pike)	
Landrum	Dawson (Terrell)		Siler	*Corbin (Clay, Knox, Laurel, Whitely)	
	*Tooea (Habersham, Stephens)			*Middlesboro-Harlan (Bell, Harlan, Leslie)	
	Jefferson-Commerce (Jackson)		Stubblefield	*Paducah	
	Ellijay (Fannin, Gilmer, Murray and Pickens)			*Madisonville (Muhlenberg)	
Mitchell	Cedartown-Rockmart (Paulding and Polk)			*Hopkinsville (Christian, Todd, Trigg)	
	Ellijay (Fannin, Gilmer, Murray and Pickens)		Louisiana:		
Preston	Swainsboro (Emanuel)		McSween	Alexandria (Rapides Parish)	September 1960.
Illinois:			Passinan	Oak Grove (West Carroll Parish)	
Allen	Rockford (Winnebago)	September 1959.	Thompson	Ville Platte (Evangeline Parish)	
Arends	Danville (Vermillion)	January 1960.		Opelousas (St. Landry Parish)	March 1960.
Boyle	Chicago (Du Page)	September 1959.	Maine:		
Chipherfield	Canton (Fulton)	May 1959.	Coffin	*Lewiston-Auburn	
Church				Rockland (part of Knox)	
Collier	Chicago (Du Page)	September 1959.		Augusta (parts of Kennebec, Sagadahoe, and Lincoln)	
Dawson			McIntire	Calais-Eastport (eastern part of Washington)	
Derwinski			Oliver	*Biddeford-Sanford	July 1959.
Gray	Chester (Randolph)			Portland	
	*Harrisburg (Gallatin, Hardin, Pope, Saline)			Rumford (part of Oxford County)	
	*Herrin-Murphysboro-West Frankfort (Franklin, Jackson, Johnson, Perry, Union, Williamson)			Norway-Paris (part of Cumberland and Oxford)	
	Cairo (Alexander and Pulaski)			Augusta (parts of Kennebec, Sagadahoe, and Lincoln)	
Hoffman			Maryland:		
Kluczynski	Chicago (Du Page)	Do.	Brewster	Baltimore (part)	Do.
Libonati			Fallon	*Westminster (Carroll)	Do.
Mack, Junior	*Litchfield (Macoupin)		Foley	Baltimore	
Mason	*La Salle (Bureau and western part of La Salle)			*Cumberland (Allegany)	August 1959.
	Joliet (Will)	July 1959.	Friedel	Frederick (Frederick)	
Michel	Peoria (Peoria and Tazewell)	Do.	Garmatz	Baltimore	July 1959.
	*La Salle (Bureau and western part of La Salle)		Johnson	Crisfield (Somerset and part of Worcester)	
Murphy				Elkton (Cecil)	Do.
O'Brien	Chicago (Du Page)	September 1959.	Lankford	Baltimore	
O'Hara			Massachusetts:		
Price	St. Louis, Mo.-Ill. (Madison and St. Clair)	July 1959.	Bates	*Lawrence (part)	
Pucinski	Chicago (Du Page)	September 1959.		Newburyport	May 1959.
Rostenkowski				Haverhill	June 1959.
Shipley	*Harrisburg (White)			Gloucester	July 1959.
	*Litchfield (Montgomery)		Boland	Springfield-Holyoke (part)	June 1959.
	*Mount Carmel-Olney (Edwards, Lawrence, Richland, Wabash)			*Ware (part)	
	*Mount Vernon (Hamilton, Jefferson, Wayne)		Burke	Brookton (part)	Do.
	*Centralia (Clinton, Marion)		Conte	*North Adams	
Simpson	Macomb (McDonough)			*Pittsfield	
	Quincy (Adams)	January 1960.		Greenfield	July 1959.
Springer	Taylorville (Christian)	July 1959.		Springfield-Holyoke (part)	June 1959.
Yates	Decatur (Macon)	September 1959.	Donohue	*Great Barrington	
Indiana:			Keith	Worcester	July 1959.
Adair	Fort Wayne (Allen)	July 1959.		Brookton (part)	June 1959.
Barr	Indianapolis (Marion)	July 1960.		*Taunton (part)	
Brademas	*Michigan City-La Porte (La Porte)			*New Bedford	June 1959.
	South Bend (St. Joseph)	Do.		Springfield-Holyoke (part)	Seasonally high unemployment in area.
	Bourbon (Marshall)			Hyannis	Do.
Bray	*Vincennes (Knox)			Nantucket-Martha's Vineyard	May 1959.
	Edinburg (Johnson)		Lane	Plymouth	
Denton	*Evansville (Vanderburgh)		Martin	*Lawrence (part)	
	Petersburg (Pike)			*Fall River	
Halleck	Louisville, Ky.-Ill. (Clark and Floyd)	May 1959.		Brookton (part)	June 1959.
	Logansport (Cass)			*Milford (part)	
	Morocco (Newton)		Pbilbin	*Taunton (part)	
Harmon	Warsaw (Kosciusko)			Fitchburg (part)	
	*Muncie (Delaware)			*Marlboro (part)	
	*Richmond (Wayne)			*Milford (part)	
	*Connersville (Fayette, Rush, Union)			*Southbridge-Webster	
	*New Castle (Henry)			*Ware (part)	
Hogan	Shelbyville (Shelby)			Athol	July 1959.
	Union City (Randolph)			Gardner	April 1959.
Madden	*Connersville (Franklin)	July 1959.		Clinton	July 1959.
	Columbus (Bartholomew)	September 1959.	Rogers	Fitchburg (part)	Do.
Roush	Chicago (Lake)	July 1959.		*Marlboro (part)	
	Anderson (Madison)			*Lowell	
	Hartford City and Montpelier (Blackford)		Michigan:		
	Huntington (Huntington)		Bennett	*Iron Mountain (Dickinson, Iron)	
Wampler	*Terre Haute (Vigo)			*Marquette	
	Noblesville (Hamilton)		Broomfield	Gogebie (Gogebie)	
Iowa:			Bentley	*Detroit (Oakland)	September 1959.
Carter	Ottumwa (Wapello)	Do.		Saginaw	
Schwengel	Keokuk (southern half of Lee)			*Ionia-Belding-Greenville	
Kansas:				*Owosso	
Avery	Atchison (Atchison)		Cederberg	*Bay City	
Hargis	*Coffeeville-Independence-Parsons (Labette, Montgomery)		Chamberlain	*Flint	
	*Pittsburg (Cherokee, Crawford)			*Lansing	
			Diggs	*Detroit (Wayne)	
			Dingell		

Footnotes at end of table.

Congressional districts with labor markets suffering from substantial labor surplus, indicating current and prospective date of eligibility for benefits under area redevelopment bill, April 1959—Continued

(NOTE.—The following is a list of labor markets with a substantial labor surplus. Those currently eligible for benefits under proposed area redevelopment legislation are marked with (*). See note at end of table. The earliest likely date of eligibility for other labor markets is noted where information is available, on the assumption that the current level of unemployment will continue. A list of rural counties eligible for benefits is available separately.)

Congressman	Labor market area	Earliest prospective date of eligibility	Congressman	Labor market area	Earliest prospective date of eligibility
Michigan—Continued			New Mexico:		
Ford	*Grand Rapids	October 1959.	Montoya	Deming (Luna)	
Griffin	Holland-Grand Haven		Morris	Las Vegas (San Miguel)	
	*Muskegon (Muskegon)			Raton (Colfax)	
	Manistee (Manistee)		New York:		
	Northport (Leelanau)		Barry	*Newburgh-Middletown-Beacon (Putnam)	
Griffiths	Traverse (Grand Traverse)	Do.	Dulski	Buffalo (part of Buffalo)	July 1959.
Hoffman	*Detroit (Wayne)		Kilburn	Watertown	October 1959.
	South Haven (Van Buren)		Miller	Buffalo (Niagara, part of Erie)	July 1959.
	*Benton Harbor		O'Brien	Albany-Schenectady-Troy (Albany)	Do.
	Allegan		Ostertag	*Batavia	
Johansen	*Sturgis	May 1959.		Orleans (Orleans)	
	Battle Creek		Pillion	Buffalo (part of Erie)	Do.
	Hillsdale (Hillsdale)		Pirrio	Oneida (Madison)	November 1959.
Knox	Menominee (Menominee)			*Utica-Rome (Herkimer and Oneida)	
	*Escanaba		Reed	Jamestown-Dunkirk	July 1959.
Lesinski	*Detroit (Wayne)	June 1959.		Wellsville (Allegany)	January 1960.
Machrowicz	*Monroe (Monroe)			Olean-Salamanea (Cattaraugus)	June 1959.
Meador	*Adrian		Riehlman	Syracuse	July 1959.
	Ann Arbor-Ypsilanti		Robison	*Elmira	
	*Jackson			Binghamton	
O'Hara	*Detroit (Macomb)	July 1959.		Corning-Hornell	November 1959.
	*Port Huron (St. Clair)		St. George	*Newburgh-Middletown-Beacon (Orange)	June 1959.
	Caro (Tuscola)		Stratton	Albany-Schenectady-Troy (Schenectady)	July 1959.
	*Detroit (Wayne)			*Amsterdam	
				*Gloversville	
Minnesota:	Duluth-Superior (St. Louis)	September 1960.	Taber	*Auburn	Do.
Blatnik	Bemidji (Beltrami)		Taylor	Albany-Schenectady-Troy (Rensselaer)	
Langen	Winona (Winona)			Glens Falls-Hudson Falls (Warren, Washington)	June 1959.
Quile				Plattsburgh (Clinton)	September 1960.
Mississippi:				Watertown-Mechanicsville-Stillwater (part of Saratoga)	
Abernethy	West Point (Clay, Chickasaw and Oktibbeha)	May 1959.	Wharton	*Newburgh-Middletown-Beacon (part of Dutchess)	
Colmer	Biloxi-Gulfport (Harrison)			Kingston (Ulster)	August 1959.
Smith	Columbia (Marion)			Catskill (Greene)	July 1959.
	Greeville			New York	
	Clarksdale (Coahoma)		Anfuso	Kings	
Williams	Cleveland (Bolivar)	September 1959.	Barry	Westchester	
Winstead	McComb (Pike)		Becker	Nassau	
	Canton (Madison)		Bosch	Queens	
			Buckley	Bronx	
			Celler	Kings, Queens	
Missouri:		September 1959.	Delaney	Queens	
Bolling	Kansas City (Kansas City)		Derounian	Nassau	
Brown	*Joplin (Jasper)		Dollinger	Bronx	
Cannon	St. Louis (St. Charles)		Dooley	Westchester	
	Hannibal (Marion and Ralls)		Dorn	Kings	
Carnahan	*Flat River	August 1959.	Farbstein	New York	
	Cabool (Texas)		Fino	Bronx	
Christopher	Kansas City (Jackson)		Halpern	Queens	
Curtis	St. Louis (St. Louis)		Henley	Bronx	
	Washington (Franklin)		Holtzman	Queens	
Hull	Kansas City (Clay)	September 1960.	Kelly	Kings	
Jones	Caruthersville (Pemiscot)		Keogh	Kings	
	Cape Girardeau		Lindsay	New York	
Karsten	St. Louis (St. Louis)		Multer	Kings	
Moulder	Washington (Franklin)		Powell	New York	
	Marshall (Saline)	July 1959.	Ray	Richmond (part of Kings)	
	Sedalia (Pettis)		Rooney	Kings	
	Versailles (Morgan)		St. George	Rockland	
Sullivan	St. Louis (St. Louis)		Santangelo	New York	
	Washington (Franklin)		Teller	New York	
Montana: Anderson	*Butte	September 1960.	Wainwright	Nassau, Suffolk	
	*Kallispell		Zelenko	New York	
	*Great Falls				
	Meagher (Meagher)		North Carolina:		
	Roundup (Musselshell)		Cooley	*Rocky Mount (Nash)	July 1960.
	Seobey-Flaxville-Whitetail (part of Daniels)	July 1959.		Raleigh (Wake)	
Nebraska: Cunnigham	Beatrice (Gage)		Durham	*Durham (Durham)	
	Blair (Washington)		Fountain	*Kinston (Lenoir)	
New Jersey:				*Rocky Mount (Edgecombe)	
Addonizio	Newark	July 1959.	Hall	*Asheville (Buncombe)	Do.
Auchincloss	*Long Branch			*Waynesville (Haywood, part of Jackson)	
	Perth Amboy			Bryson City (Swain)	
	Trenton			Hendersonville	
	*Philadelphia (Camden, Gloucester)		Jonas	Murphy (Cherokee)	
Cahill	Paterson	September 1959.	Kitchin	Lincolnton (Lincoln)	Do.
Canfield	Newark		Lennon	*Rockingham-Hamlet	
Daniels	Paterson			*Fayetteville (Cumberland)	
	Newark			Lumberton (Robeson)	
Dwyer	Paterson		Scott	Roxboro (Person)	
	Plainfield-Somerville	July 1959.	Whitener	*Mount Airy (Surry)	Do.
Frelinghuysen	Morristown-Dover			Marion (McDowell)	
	Plainfield-Somerville			*Sbelby-Kings Mountain (Cleveland)	
	Perth Amboy			*Rutherfordton-Forest City	
	Paterson				
Gallagher	Newark	Do.	Ohio:		
Glenn	Paterson		Ashley	Toledo (Lucas)	July 1959.
	*Atlantic City		Baumhart, Junior	Lorain-Elyria (Lorain)	May 1959.
Osmers	Newark		Betts	Kenton	July 1959.
	Paterson			Findlay-Tiffin-Fostoria (Hancock, Seneca)	August 1959.
Rodino	Newark	Do.	Bow	*New Philadelphia-Dover (Tuscarawas)	
Thompson	Perth Amboy		Brown	*Springfield	
	*Philadelphia (Burlington)				
	Trenton				
Wallhauser	Newark				
Widnall	Morristown-Dover	September 1959.			
	Trenton				
	Paterson				
	Allentown-Bethlehem (Warren)				
	Plainfield-Somerville				
	Flemington (half of Hunterdon)	July 1959.			

Footnotes at end of table.

Congressional districts with labor markets suffering from substantial labor surplus, indicating current and prospective date of eligibility for benefits under area redevelopment bill, April 1959—Continued

(NOTE.—The following is a list of labor markets with a substantial labor surplus. Those currently eligible for benefits under proposed area redevelopment legislation are marked with (*). See note at end of table. The earliest likely date of eligibility for other labor markets is noted where information is available, on the assumption that the current level of unemployment will continue. A list of rural counties eligible for benefits is available separately.)

Congressman	Labor market area	Earliest prospective date of eligibility	Congressman	Labor market area	Earliest prospective date of eligibility
Ohio—Continued			Pennsylvania—Con.		
Cook.....	Youngstown (part of Trumbull).....	July 1959.	Quigley.....	*York.....	
	Ashtabula-Conneaut.....	August 1959.		Harrisburg (Cumberland and Dauphin).....	July 1960.
	Kent-Ravenna (Portage).....	July 1959.		Gettysburg (Adams).....	
Hays.....	*New Philadelphia-Dover (Carroll, Harrison).....		Rhodes.....	Reading.....	July 1959.
	Steubenville-Wheeling (W. Va.).....	May 1959.	Saylor.....	*Johnstown (Cambria).....	
	*East Liverpool-Salem.....			Indiana (Indiana).....	September 1960.
Henderson.....	Cambridge.....	Do.		Kittanning-Ford City (Armstrong).....	Do.
	Marietta.....	June 1959.	Simpson.....	*Johnstown (Somerset).....	
	Zanesville.....	August 1959.		*Lewistown (Mifflin).....	
	Woodsfield (Monroe).....			*Sunbury-Shamokin-Mount Carmel (Snyder, Union).....	
Kirwan.....	Youngstown (Mahoning, Trumbull).....	July 1959.		Chambersburg-Waynesboro (Franklin, Fulton).....	Do.
Latta.....	Toledo (part of Wood).....	Do.		Philadelphia.....	July 1959.
Moeller.....	*Athens-Logan-Nelsonville.....		Toll.....	*Altoona (Blair).....	
	*Portsmouth-Chillicothe (Jackson).....		Van Zandt.....	*Clearfield-DuBois (part of Centre, Clearfield).....	
Polk.....	*Portsmouth-Chillicothe (Pike, Ross, Sciota).....			*Pottsville (part of Carbon).....	
	Batavia - Georgetown - West Union (Adams, Brown, Clermont).....	June 1959.	Walter.....	Allentown-Bethlehem (Northampton).....	Do.
Oklahoma:				Lehigh-Palmerton (Carbon, except Pottsville area).....	
Albert.....	Poteau (LeFlore).....		Rhode Island:		
	Ardmore (Carter).....	May 1959.	Fogarty.....	*Providence.....	
	*McAlester (Pittsburg).....		Forand.....	*Newport.....	
Edmonson.....	*Okmulgee-Henryetta (Okmulgee).....			*Providence.....	
Steed.....	Shawnee (Pottawatomie).....		South Carolina: Rivers	Hampton (Hampton).....	
Oregon:			Tennessee:		
Green.....	Portland (Multnomah).....	July 1959.	Baker.....	*Knoxville (Anderson, Blount, Knox).....	
Norblad.....	Portland (Clackamas, Washington).....	Do.		*La Follette-Jellieo-Tazewell (Campbell).....	
	McMinnville (Yamhill).....			Columbia (Maury).....	September 1960.
	St. Helens (Columbia).....			Memphis.....	July 1959.
	Tillamook (Tillamook).....			*Chattanooga.....	
	Toledo (Lincoln).....			Tracey City (Grundy).....	
Porter.....	Astoria (Clatsop).....			Lewisburg (Marshall).....	
	Gold Beach (Curry).....			Murfreesboro (Rutherford).....	
	Grants Pass (Josephine).....			Shelbyville (Bedford).....	
	Albany.....	Seasonal highly unemployment area.		*Bristol-Johnson City-Kingsport.....	
	Coos Bay.....	May 1959.			
	Eugene.....	Seasonally high unemployment area.	Texas:		
		Do.	Brooks.....	Beaumont-Port Arthur.....	Do.
			Burleson.....	Dublin (Comanche and Erath).....	
Ullman.....	Roseburg.....		Kilgore.....	Laredo.....	May 1959.
	*Pendleton (Umatilla).....		Patman.....	*Texarkana (Bowie).....	
	Hood River (Hood River).....		Rogers.....	Pampa (Gray).....	
Pennsylvania:			Young.....	Corpus Christi.....	July 1959.
Barrett.....	Philadelphia.....	July 1959.		Karnes City (Karnes).....	
Bush.....	*Berwick-Bloomsburg (part of Columbia).....			Price (Carbon and Emery).....	
	*Lock Haven (Clinton).....			*Springfield.....	
	*Sunbury-Shamokin-Mount Carmel (Montour, part of Columbia).....		Utah: Dixon.....	Burlington.....	July 1960.
	*Williamsport (Lycoming).....		Vermont: Meyer.....	Brattleboro (part of Windham).....	
	*Sayre-Athens-Towanda (Bradford).....			St. Johnsbury (part of Caledonia, Essex, Orleans, and Washington).....	
Byrne.....	Philadelphia.....	Do.			
Clark.....	Pittsburgh (Beaver).....	April 1959.		*Big Stone Gap-Appalachia (Lee, Wise).....	
	*Butler.....			Richlands-Bluefield.....	August 1959.
	*New Castle.....			*Bristol-Johnson City-Kingsport, Tenn. (Washington County, Va.).....	
Corbett.....	Pittsburgh.....	Do.		*Radford-Pulaski (Floyd, Montgomery).....	
Curtin.....	Allentown-Bethlehem (Lehigh).....	July 1959.		Roanoke.....	September 1959.
	Philadelphia (Bucks).....	Do.		*Radford-Pulaski (Wythe).....	
Dague.....	Philadelphia (Chester).....	Do.			
Dent.....	Pittsburgh.....	April 1959.	Tuck.....		
Fenton.....	*Pottsville (Schuylkill).....		Washington:		
	*Sunbury-Shamokin-Mount Carmel (Northumberland).....		Horan.....	Spokane.....	July 1959.
	St. Marys (Cameron).....	September 1960.	Maek.....	*Aberdeen.....	
	*Wilkes-Barre-Hazleton (Luzerne).....			*Olympia.....	
Flood.....	Pittsburgh.....	April 1959.		Ellensburg (Kittitas).....	
Fulton.....	*Clearfield-DuBois (part of Jefferson).....		May.....	Bremerton.....	June 1959.
Gavin.....	Oil City-Franklin-Titusville (Forest, Venango).....	Do.	Pelly.....	Tacoma.....	July 1959.
	St. Marys (Elk).....		Tollefson.....	*Anacortes.....	
	Clarion (Clarion).....	September 1960.	Westland.....	Bellingham.....	May 1959.
Granahan.....	Philadelphia.....	July 1959.		Everett.....	Do.
Green.....	Pittsburgh.....	April 1959.		*Port Angeles.....	
Holland.....	Youngstown, Ohio-Pa. (Mercer).....	July 1959.		Friday Harbor (San Juan).....	
Kearns.....	*Erie.....		West Virginia:		
	Oil City-Franklin-Titusville (part of Crawford).....	April 1959.	Bailey.....	*Charleston (Fayette).....	
	Philadelphia (Montgomery).....	July 1959.		*Clarksburg (Harrison).....	
Lafore.....	Philadelphia.....	Do.		Parkersburg (Calhoun, Ritchie, Wirt).....	July 1959.
Milliken.....	Pittsburgh.....	April 1959.	Heehler.....	*Logan (Lincoln).....	
Moorehead.....	*Uniontown-Connellsville (Fayette).....			*Point Pleasant-Gallipolis (Jackson, Mason, Putnam).....	
Morgan.....	Pittsburgh (Washington).....	Do.		*Huntington-Asbland (Cabell, Wayne).....	
Mumma.....	*Lewistown (Juniata).....		Kee.....	Parkersburg (Pleasants, Wood).....	Do.
	Harrisburg (Cumberland and Dauphin).....	July 1960.		*Roneevert-White Sulphur Springs (Greenbrier, Monroe).....	
	Philadelphia.....	July 1959.		*Weleh (McDowell).....	
Nix.....	Forest City-Montrose (Susquehanna).....			*Bluefield (Mercer).....	
Prokop.....	*Seranton (Lackawanna).....		Moore.....	*Pikeville-Williamson (Mingo).....	
				*Fairmont (Marion).....	
				*Wheeling (W. Va.)-Steubenville, Ohio.....	

Footnotes at end of table.

Congressional districts with labor markets suffering from substantial labor surplus, indicating current and prospective date of eligibility for benefits under area redevelopment bill, April 1959—Continued

(NOTE.—The following is a list of labor markets with a substantial labor surplus. Those currently eligible for benefits under proposed area redevelopment legislation are marked with (*). See note at end of table. The earliest likely date of eligibility for other labor markets is noted where information is available, on the assumption that the current level of unemployment will continue. A list of rural counties eligible for benefits is available separately.)

Congressman	Labor market area	Earliest prospective date of eligibility	Congressman	Labor market area	Earliest prospective date of eligibility
West Virginia—Con. Slack	*Beckley (Raleigh)	July 1959.	Wisconsin—Continued Kastenmeier	Watertown	August 1959.
Staggers	*Logan (Logan, part of Boone)		Laird	Antigo (Langlade)	July 1959.
	Marionburg		O'Konski	Stevens Point (Portage)	
	*Morgantown		Van Pelt	Duluth-Superior (Douglas)	
	Marlington (Pocahontas)		Withrow	Rhineland (Oneida)	
Wisconsin: Byrnes	*Cumberland (Mineral)	May 1959.	Wyoming: Thomson	Oshkosh	October 1959.
Flynn	Sturgeon Bay (Door)			Chilton (Calumet)	
Johnson	Beloit			*La Crosse	
	Eau Claire-Chippewa Falls (Chippewa and Eau Claire Counties)	March 1960.		Mauston (Juneau)	
				Kemmerer (part of Lincoln)	
				Sheridan (Sheridan)	

NOTES

Eligible for assistance under the Spence bill, i.e., unemployment of 6 percent or more in at least 18 of the previous 24 months, 9 percent during at least 15 of the previous 18 months, 12 percent during the previous 12 months, or 15 percent during the previous 6-month period.

Eligibility date for most very small areas of substantial labor surplus not ascertainable due to lack of data.

RURAL REDEVELOPMENT AREAS PRESCRIBED BY THE HOUSE BANKING COMMITTEE IN PROPOSED AREA REDEVELOPMENT ACT

NOTE.—The bill recommended by the House Banking Committee declares that among the rural redevelopment areas "shall be included * * * any county (1) which is among the 500 counties in the United States ranked lowest in level of living of farm-operator families; or (2) which is among the 500 counties in the United States having the highest percentage of commercial farms producing less than \$2,500 worth of products for sale annually."

The counties listed below conform to these categories:

(Congressman and rural county)

ALABAMA

ANDREWS: Barbour, Bullock, Coffee, Geneva, Henry, Houston, Lee, Macon, Russell.

BOYKIN: Choctaw, Clarke, Marengo, Monroe, Washington, Wilcox.

ELLIOTT: Blount, Cullman, Fayette, Franklin, Lamar, Marion, Pickens, Walker, Winston.

GRANT: Butler, Conecuh, Covington, Crenshaw, Escambia, Lowndes, Montgomery, Pike.

JONES: Jackson, Lawrence, Limestone, Morgan.

RAINS: Chambers, DeKalb, Etowah, Marshall, Randolph, Tallapoosa.

ROBERTS: Autauga, Clay, Coosa, Dallas, Elmore, St. Clair.

SELDEN: Bibb, Chilton, Greene, Hale, Perry, Sumter, Tuscaloosa.

ARKANSAS

ALFORD: Conway, Faulkner, Perry, Pope, Yell.

GATHINGS: Clay, Crittenden, Greene, Lee, Phillips, St. Francis.

HARRIS: Ashley, Bradley, Calhoun, Clark, Columbia, Hempstead, Howard, Lafayette, Little River, Miller, Montgomery, Nevada, Ouachita, Pike, Polk, Sevier, Union.

MILLS: Cleburne, Fulton, Independence, Izard, Lawrence, Monroe, Randolph, Sharp, Stone, White, Woodruff.

NORRELL: Chicot, Cleveland, Dallas, Desha, Drew, Grant, Jefferson, Lincoln, Lenoire.

TRIMBLE: Baxter, Boone, Johnson, Logan, Madison, Marion, Newton, Scott, Searcy, Sebastian, Van Buren.

FLORIDA

MATTHEWS: Baker, Gilchrist, Hamilton, Lafayette, Madison, Suwannee, Union.

SIKES: Calhoun, Holmes, Jackson, Jefferson, Leon, Okaloosa, Walton, Washington.

GEORGIA

BLITCH: Appling, Atkinson, Bacon, Brantley, Charlton, Clinch, Coffee, Echols, Jeff Davis, Lanier, Pierce, Telfair, Wayne.

BROWN: Elbert, Greene, Hart, Lincoln, Oglethorpe, Taliaferro, Warren, Wilkes.

DAVIS: Rockdale.

FLYNT: Butts, Carroll, Clayton, Coweta, Fayette, Heard, Henry, Lamar, Meriwether, Newton.

FORRESTER: Clay, Dodge Harris, Marion, Quitman, Randolph, Stewart, Taylor, Wilcox.

LANDRUM: Fannin, Gilmer, Rabun, Towns, Union, White.

MITCHELL: Chatooga, Dade, Douglas, Haralson, Murray, Walker.

PILCHER: Baker, Brooks, Decatur, Early.

PRESTON: Bryan, Burke, Evans, Liberty, Long, Montgomery, Screven, Trattinn, Treutlen, Wheeler.

VINSON: Baldwin, Crawford, Glascock, Hancock, Jasper, Johnson, Twiggs, Washington, Wilkinson.

ILLINOIS

GRAY: Hardin, Johnson, Pope.

KENTUCKY

CHELF: Adair, Green, Metcalfe.

NATCHER: Allen, Breckinridge, Butler, Edmonson, Grayson, Hopkins, Ohio.

PERKINS: Breathitt, Carter, Elliott, Floyd, Greenup, Johnson, Lawrence, Lee, Magoffin, Menifee, Morgan, Pike, Rowan, Wolfe.

SILER: Clay, Clinton, Cumberland, Jackson, Knox, Laurel, Monroe, Owsley, Pulaski, Rockcastle, Russell, Wayne, Whitley.

SPENCE: Lewis.

STUBBLEFIELD: Crittenden, Graves, McCracken, Marshall.

WATTS: Casey, Estil, Powell.

LOUISIANA

BROOKS: Bienville, Claiborne, De Soto, Red River, Webster.

MC SWEENEY: Avoyelles, Grant, La Salle, Natchitoches, Sabine, Vernon, Winn.

MORRISON: East Feliciana, Livingston, St. Helena, West Feliciana.

PASSMAN: Caldwell, Catahoula, Concordia, Franklin, Lincoln, Morehouse, Richland, Union, West Carroll.

THOMPSON: Beauregard, Evangeline, St. Landry.

MICHIGAN

BENNETT: Iron.

CEDERBERG: Alcona, Clare, Iosco.

GRIFFIN: Wexford.

MINNESOTA

BLATNIK: Itasca.

MARSHALL: Aitkin.

MISSISSIPPI

ABERNETHY: Alcorn, Attala, Calhoun, Chickasaw, Choctaw, Clay, Itawamba, Lee, Lowndes, Monroe, Noxubee, Oktibbeha, Pontotoc, Prentiss, Tishomingo, Webster, Winston.

COLMER: Covington, George, Greene, Jefferson Davis, Jones, Lamar, Lawrence, Marion, Perry, Wayne.

SMITH: Bolivar, Coahoma, Holmes, Humphreys, Issaquena, Leflore, Quitman, Sharkey, Sunflower, Tunica, Washington.

WHITTEN: Benton, Carroll, De Soto, Grenada, Lafayette, Marshall, Montgomery, Panola, Tallahatchie, Tate, Tippah, Union, Yalobusha.

WILLIAMS: Adams, Amite, Claiborne, Copiah, Franklin, Hinds, Jefferson, Lincoln, Pike, Walthall, Warren, Wilkinson, Yazoo.

WINSTEAD: Clarke, Jasper, Kemper, Lauderdale, Leake, Madison, Neshoba, Newton, Rankin, Scott, Simpson, Smith.

MISSOURI

Vacant: Vernon.

BROWN: Douglas, Ozark, Stone, Taney, Wright.

CARNAHAN: Carter, Dept, Howell, Iron, Madison, Oregon, Reynolds, Shannon, Washington, Wayne.

JONES: Bollinger, Butler, Ripley.

NEW MEXICO

MONTOYA, MORRIS: Mora, Rio Arriba, San Miguel, Sierra, Socorro.

NORTH CAROLINA

ALEXANDER: Alexander, Alleghany, Ashe, Stanly, Watauga.

BARDEN: Duplin, Onslow, Pender.

BONNER: Hyde, Tyrrell, Washington.

FOUNTAIN: Halifax, Warren.

HALL: Buncombe, Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain, Transylvania.

JONAS: Avery, Burke, Catawba, Lincoln, Mitchell.

KITCHIN: Anson, Davidson, Montgomery, Scotland, Wilkes.

LENNON: Bladen, Brunswick, Columbus, New Hanover.

SCOTT: Caswell, Person.

WHITENER: Cleveland, Madison, McDowell, Polk, Rutherford, Yancey.

OHIO

HENDERSON: Guernsey, Noble.

MOELLER: Gallia.

OKLAHOMA

ALBERT: Atoka, Choctaw, Latimer, LeFlore, McCurtain, Pittsburg, Pushmataha.

EDMONDSON: Adair, Cherokee, Delaware, Haskell, McIntosh, Okmulgee, Sequoyah.

STEED: Coal, Creek, Hughes, Lincoln, Okfuskee, Seminole.

SOUTH CAROLINA

ASHMORE: Greenville, Laurens, Spartanburg, Union.

DORN: Abbeville, Anderson, Edgefield, Greenwood, McCormick, Newberry, Oconee, Pickens, Saluda.

HEMPHILL: Cherokee, Chester, Chesterfield, Fairfield, Kershaw, Lancaster, York.

McMILLAN: Georgetown, Horry, Lee, Williamsburg.

RILEY: Barnwell, Lexington, Orangeburg.
RIVERS: Allendale, Beaufort, Berkeley, Charleston, Clarendon, Colleton, Dorchester, Hampton, Jasper.

TENNESSEE

BAKER: Anderson, Blount, Campbell, Loudon, Morgan, Roane, Scott, Union.

BASS: Dickson, Gilles, Hickman, Houston, Humphreys, Lawrence, Lewis, Perry, Stewart, Sumner, Wayne.

EVERETT: Haywood, Lauderdale.

EVINS: Cannon, Clay, Cumberland, De Kalb, Fentress, Jackson, Lincoln, Macon, Moore, Overton, Pickett, Putnam, Rutherford, Smith, Van Buren, Warren, White, Wilson.

FRAZIER: Bledsoe, Grundy, McMinn, Marion, Melgs, Monroe, Polk, Rhea, Sequatchie.

MURRAY: Benton, Carroll, Decatur, Fayette, Hardeman, Hardin, McNairy, Madison.

REECE: Carter, Clalborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sevier, Sullivan, Unicoi, Washington.

TEXAS

BECKWORTH: Camp, Panola, Rusk, Upshur, Wood.

BROOKS: Newton, Sabine, San Augustine.

DOWDY: Anderson, Angelina, Cherokee, Henderson, Houston, Madison, Polk, San Jacinto, Trinity, Walker.

PATMAN: Bowle, Cass, Franklin, Harrison, Marlon, Morris, Red River, Titus.

RAYBURN: Rains.

TEAGUE: Freestone, Leon, Robertson, Somervell.

THOMPSON: Lavaca.

THORNBERRY: Bastrop, Burleson.

YOUNG: Duval, McMullen.

VIRGINIA

ABBITT: Appomattox, Buckingham, Greensville, Lunenburg, Mecklenburg, Prince Edward.

DOWNING: York.

HARRISON: Bath, Highland.

JENNINGS: Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, Washington, Wise.

POFF: Alleghany, Bedford, Craig, Floyd.

SMITH: Fluvanna, Greene.

TUCK: Carroll, Charlotte, Grayson, Halifax, Henry, Patrick.

WEST VIRGINIA

BAILEY: Braxton, Calhoun, Clay, Doddridge, Fayette, Gilmer, Harrison, Lewis, Nicholas, Ritchie, Upshur, Wirt.

HECHLER: Cabell, Jackson, Lincoln, Mason, Pleasants, Putnam, Roane, Tyler, Wayne, Wood.

KEE: Mercer, Monroe, Summers.

MOORE: Brooke, Marion, Taylor, Wetzel.

SLACK: Kanawha, Raleigh.

STAGGERS: Barbour, Monongalia, Randolph, Tucker, Pocahontas, Preston.

INTEREST RATES

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Arizona [Mr. RHODES] is recognized for 15 minutes.

Mr. RHODES of Arizona. Mr. Speaker, I guess I will talk about interest rates on my own time, now, if the gentleman from Texas [Mr. PATMAN] would care to listen.

The gentleman from Texas is a very able and distinguished Member of the House. He has ever since I have been a Member of the House, and long before, made the study of the monetary system of our country one of his main objects as a Member of the House. However, there is a fundamental of the money market which I have never heard the gentleman from Texas mention, and

that is the fact that money is a commodity. Money obeys the law of supply and demand just like any other commodity if left in a free market.

The gentleman decries the raise in interest rates. But he says very little about the fact that the dollar has practically remained stationary during the Eisenhower administration. I would point out to him that during the period he mentioned in which the interest rate remained stationary by Government action, the value of the dollar went down drastically. The interest rate could be kept low only by tampering with the quantity or velocity of money. This tampering produced low interest rates, but caused the value of the dollar to drop. There is a very definite correlation between the value of the dollar and the interest rate, as shown very graphically by our experience of the last few years.

I would also remind my friend from Texas that the days of low interest rates to which he refers with a certain amount of nostalgia came during the depression of the 1930's and during World War II at a time when it was impossible for the industrial element of the country to expand as it should have expanded if the war had not come along. Only after the broadening economy and the dynamic growth of our economy which occurred after January 1953, caused such a demand for money did the interest rate go up.

The gentleman knows, I am sure, that when there is no demand for money the interest rate is low. In this, money obeys the economic rules of any commodity. When there is a demand, when the business communities feel good, when there is money in the pocket of the workingman and he is spending that money, when we have prosperity as we have had and do have in this particular administration, then perforce the interest rate will go up unless the Government itself takes artificial action to keep the interest rate down. If the Government wants to go into this business of supporting bonds, if the Government wants to let the Federal Reserve System buy these bonds, actually taking part in a transaction that is a book transaction only, then letting the Federal Reserve System do as it can do under the law, inflate the currency because of these bonds which it owns, then, of course, we can have low interest rates. But I submit to the gentleman from Texas and I submit to the House that the only way this can be done is by inflation which lowers the value of the dollar at the expense of the person who draws a pension, at the expense of the workingman, at the expense of the people whom the gentleman and those on his side of the aisle always profess so much love for, the little man, they call him. These are the people who suffer through inflation, and devaluation of the dollar.

This particular administration has tried and has succeeded in holding down inflation. If one of the results has been an increase in interest rates, then I say I would do the same thing again in order

to keep the American workingman, the American farmer, and all of the people whom we must protect in this Congress, protected against ruinous inflation as they have been under this administration.

A MISLEADING ARTICLE APPEARS IN THE WASHINGTON POST AND TIMES HERALD

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Missouri [Mr. MOULDER] is recognized for 15 minutes.

Mr. MOULDER. Mr. Speaker, this morning in the Washington Post and Times Herald there appeared an article, the theme of which is suggested by the headline: "MOULDER Wonders, 'Was House Group's Red Probe 'Used' by Corrupt Unionists?'"

In the body of the article I am quoted as follows:

I think the committee should investigate the extent to which it may have been unknowingly used by corrupt union leaders.

Mr. Speaker, I say flatly and unequivocally that this is a misquotation of myself and, together with the body of the article, conveys a false impression. I say further, Mr. Speaker, that it would appear that the article is an attempt to do a whitewash job for the Communists.

Yesterday, a staff reporter from the Washington Post and Times Herald called at my office and stated that he wanted to talk to me about the recent hearings in Chicago on Communist penetration of the United Packinghouse Workers, which were conducted by a subcommittee of which I was chairman. This staff reporter asked me if I knew of certain activities of some of the people in another union, the Amalgamated Meat Cutters, who he said had been involved in some questionable conduct. I told him that I knew nothing about this. The staff reporter then suggested to me that the effect of the hearings in Chicago on Communist penetration of the United Packinghouse Workers was to benefit the Amalgamated Meat Cutters Union, which operates in an allied field to that of the United Packinghouse Workers. I told the reporter at this point that the Committee on Un-American Activities is not concerned at all with any conflict between labor organizations as such; that our sole and exclusive concern was to pursue Communists wherever they may be; that, in my judgment, the recent hearings in Chicago were effective, efficiently handled, and were based on sound, reliable sources of information including the testimony of three reliable witnesses, one of whom until recently has been an undercover agent for the Federal Bureau of Investigation.

The reporter then asked me if I knew that United Packinghouse Workers was competing in Puerto Rico with Hoffa's Teamsters' Union in an organizing drive of the island, and that the effect of our hearings in Chicago on the penetration of the United Packinghouse Workers would be to benefit Hoffa.

Here again, I told the reporter that I know nothing about this, and that it was not of concern to the House Committee on Un-American Activities because we were interested in developing factual material on Communists wherever they may be.

At this point in our conversation, I recounted to the reporter some of the factual information which was developed in the Chicago hearings respecting the current techniques and strategies of hard-core Communists who dissociate themselves from the formal entity known as the Communist Party in order that they may sign non-Communist affidavits and the like, but who continue in the Communist operation. I pointed out that this information on present Communist strategy and technique is vital to the Committee in its appraisal of proposed legislation attempting to cope with the Communist conspiracy. I further developed the theme that this technique has been pursued by the Communists over the course of the last 10 years since the institution of prosecutions under the Smith Act and the enactment of the Internal Security Act.

I further pointed out that not only did the reliable, competent witnesses testify that the United Packinghouse Workers was saturated with Communists, but that those persons who had been identified as Communists invoked Constitutional privileges in response to questions as to whether their technical resignation from the Communist Party was a ruse.

Mr. Speaker, in 1952 the Committee on Un-American Activities held hearings in Chicago, at which time a number of Communists were then found to be in key positions in the United Packinghouse Workers of America. Immediately, the United Packinghouse Workers let loose a barrage against the Committee on Un-American Activities, but did not rid its ranks of Communists. The same leadership would now obliquely attack the Committee on Un-American Activities by suggesting that our current hearings on Communist penetration in this vital industrial area give aid and comfort to gangsters and racketeers.

Mr. Speaker, as a member of the Committee on Un-American Activities, conscious of the integrity and objectivity under which this Committee functions, I resent and emphatically deny any suggestion that the recent hearings of the Committee were inspired by any corrupt unionists or for any purpose other than to discharge the duty imposed upon the Committee by the House of Representatives. I suggest the question is not whether the Committee on Un-American Activities was "used" by corrupt unionists but, rather, whether a Washington newspaper was "used" by the Communists.

Our Committee on Un-American Activities, under the able leadership of Francis E. Walter, will not be dissuaded from its task by attacks direct or indirect from whatever source inspired.

ISRAEL'S INDEPENDENCE DAY— MAY 13

The SPEAKER PRO TEMPORE. Under previous order of the House, the Chair recognizes the gentleman from New York [Mr. HALPERN] for 5 minutes.

Mr. HALPERN. Mr. Speaker, 11 years ago on May 13, 1948, a mere half million Jews in Palestine took their fate and destiny in their hands by proclaiming their independence and by establishing the State of Israel. At that time Israelis constituted only one-third of Palestine's population, and the country itself was surrounded by implacable foes, who vowed to annihilate the young nation. But the new state, under its gallant and fearless leaders, faced all its foes on all fronts, and though far outnumbered, she was victorious. Israel came out of that life-and-death struggle, more powerful, and infinitely more confident of her future.

Today the State of Israel, in the course of its very brief existence, has gained maturity and has already become a member of the international community of nations. It is simply impossible to enumerate the large number of remarkable accomplishments, deeds of valor, hard, conscientious labor, and difficult and delicate tasks performed in that short time. Among these may be mentioned the enlargement of Israel's land area by more than 50 percent, and the trebling of her Jewish population. By these and other successes Israel has become a living, progressive democracy. We are happy to join with its well wishers from all over the world in extending to it felicitations and congratulations on this its anniversary day.

Its friends can take pride in its great strides forward, but it still is far from being self-supporting and it must rely on assistance from the outside world. Some of this is provided through German reparations and some through private aid and loans, but a balance of payments gap still confronts this courageous people. Public assistance from overseas still plays a vital role in the economic health of Israel. Assurance that such assistance will be continued is earnestly desired by its people. It is my profound hope that this assurance will be provided by the Government and people of America.

With this hope, on the 11th anniversary of her independence day, our best wishes go to Israeli citizens for a peaceful and prosperous future in their newly recreated homeland—this bastion of the free world in the turbulent Near East.

Mr. RHODES of Arizona. Mr. Speaker, will the gentleman yield?

Mr. HALPERN. I yield.

Mr. RHODES of Arizona. I join with the gentleman from New York in felicitations to the State of Israel on the 11th anniversary of her birthday. I thank the gentleman for his very clear, concise, and well-considered statement. The gentleman from New York is, in my opinion, one of the very valuable Members of this body. It certainly is with a

great deal of pleasure that I join with him in his felicitations to the State of Israel.

Mr. HALPERN. I deeply appreciate those comments.

ISRAEL'S 11TH ANNIVERSARY

(Mr. PRICE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PRICE. Mr. Speaker, by the calendar of the State of Israel, yesterday was the 11th anniversary of the establishment of Israeli freedom and sovereignty, the 11th anniversary of the proclamation of the State, the 11th anniversary of the day on which President Truman in behalf of the United States extended de facto recognition to the new nation.

This year we are compelled to recognize the presence of new factors in Near East and the Middle East, those strategic areas that were the birthplace of our major religions, the cradle of our culture and civilization.

There will be no peace or security for either the Arab peoples or the people of Israel unless the massive fact of Soviet penetration into the middle east is recognized.

There are many unresolved problems between the Arab world and the State of Israel. But of one thing we may be very sure—there is no peace for the rising Arab nations, anxious to secure their own position, by the prosecution of a policy of hostility toward their Israeli neighbors.

I mention these things as a background for a consideration of our own problems in the Near East and Middle East. Our people have finally learned much about interdependence, and it is accepted as an axiom that a threat to free nations elsewhere is a threat to us. We would suffer a shock by disaster to the countries in the area that joins the continents of Asia and Africa, the crossroads of commerce, communication and power whether by highway, sea or air. We are involved in the safety of Israel's democracy, which is an example to all the peoples of the ancient Mediterranean world.

We have our own contribution to make to Israel.

Israel is still surrounded by potential or actual enemies and she cannot neglect the threat in the penetration of the Middle East by the men of the Kremlin. Her population is small, her land not yet fully developed, her resources not yet sufficient to keep her secure alone. Israel is still a refuge, a land of promise, for hundreds of thousands of potential migrants from eastern European satellites of the Soviet Union. These people have not as yet been allowed to depart in peace.

We must recognize, I think, that diplomatic support and economic assistance to Israel, in her difficulties, are as vital to American policy today as they

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued May 19, 1959
For actions of May 18, 1959
86th-1st, No. 79

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HIGHLIGHTS: House debated agricultural appropriation bill. House committee reported general Government matters appropriation bill. House committee reported bill to extend Reorganization Act. Rep. Hogan introduced and discussed farm bill. Rep. Wolf introduced and discussed bill to transfer to HEW school lunch program, special milk program, and responsibility for distribution of surplus foods to needy and to establish food stamp plan.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL FOR 1960. Began and concluded debate on this bill, H. R. 7175. The bill had been reported without amendment by the Appropriations Committee during recess, May 15 (H. Rept. 365). At the request of Rep. McCormack passage of the bill was postponed until Wed., May 20. pp. 7445-88, 7509 (Attached to this Digest are excerpts from the committee report.)

Rejected the following amendments:

By Rep. Michel, 53 to 95, to reduce the 1960 forward authorization for the Agricultural Conservation Program from \$250 million to \$100 million. pp. 7476-9

By Rep. Byrnes, Wis., 51 to 89, to provide that no part of any funds appropriated for soil building and soil and water conserving practices shall be used to make small-payment increases. pp. 7479-80

By Rep. Vanik, to strike out a proviso that no part of AMS funds shall be available for publishing estimates of apple production for other than the commercial crop. pp. 7481-2

By Rep. Avery, 49 to 59, to provide that no part of CCC funds shall be used to process a commodity loan in excess of \$50,000. pp. 7484-7

By Rep. Vanik, to provide that the fair rental value of land under the Conservation Reserve Program shall also be "based upon its reasonable market value as agricultural land." p. 7487

By Rep. Vanik, to strike out Sec. 405 of the bill, which provides that, except to provide materials required in or incident to research or experimental work where no suitable domestic product is available, no part of the funds appropriated by the bill shall be expended in the purchase of twine manufactured from commodities or materials produced outside of the United States. pp. 7487-8

Pending at adjournment was a motion by Rep. Taber to recommit the bill to the Appropriations Committee with instructions to report it back with an amendment providing that no part of CCC funds shall be used to process a commodity loan in excess of \$50,000. p. 7488

2. GENERAL GOVERNMENT MATTERS APPROPRIATION BILL FOR 1960. The Appropriations Committee reported without amendment this bill, H. R. 7176 (H. Rept. 366). p. 7509
3. REORGANIZATION. The Government Operations Committee reported with amendment H. R. 5140, to extend the Reorganization Act of 1949 (H. Rept. 367). p. 7509
4. CLAIMS. Passed as reported H. R. 6000, to amend title 28 of the U. S. Code so as to increase the limit for administrative settlement of claims against the U. S. under the tort claims procedure from \$1000 to \$2000. p. 7424
5. MAIL CHARGES. Passed as reported H. R. 5212, to reduce the existing minimum charge on pieces of third-class mail of odd sizes and shapes from 6 cents to 3½ cents. p. 7425
6. CONTRACTS. Passed without amendment H. R. 4060, to eliminate all responsibility of the Government for fixing dates on which the period of limitation for filing suits against Miller Act payment bonds commences to run on most Federal construction projects. p. 7425
7. HOUSING. Rep. Herlong inserted an explanation and analysis of H. R. 7117, the housing bill for 1959, which includes a provision extending the farm housing research program for 2 years, until June 30, 1961, and authorizes appropriations of \$50,000 for each year for this program. pp. 7495-8
8. FOREIGN CURRENCIES. Received from the Interstate and Foreign Commerce Committee a report on the use of foreign currencies by that committee between July 1 and Dec. 31, 1958. p. 7508
9. EDUCATION; TAXATION. Received from the Budget Bureau a proposed bill "to discontinue Federal grants for vocational education and for construction of waste treatment facilities, and to reduce the Federal excise tax on local telephone service to assist the States in assuming financial responsibility for these programs"; to Ways and Means Committee. p. 7509
10. AREA REDEVELOPMENT. As reported (see Digest 77), S. 722 provides as follows: Creates an Area Redevelopment Administration as a separate agency of the Executive Branch. Authorizes this agency to designate industrial and rural redevelopment areas (a rural area being any county (1) which is among the 500 counties ranking lowest in level of living of farm-operator families or (2) which is among the 500 counties having the highest percentage of commercial farms producing less than \$2,500 worth of products for sale annually). Authorizes the agency to make loans for industrial projects in industrial redevelopment areas out of a revolving fund of \$75 million, and to make loans for industrial projects in rural redevelopment areas out of another \$75 million revolving fund (these funds to be provided by appropriation). Authorizes the agency to make loans and grants for constructing or improving public facilities, or for purchasing or developing land for public facility usage, in redevelopment areas. Vests

additional authorities in HHFA to assist redevelopment areas. Authorizes HEW to provide information and financial assistance in connection with vocational training programs. Authorizes the Labor Department to pay subsistence up to 13 weeks for persons receiving vocational training.

ITEMS IN APPENDIX

11. RESEARCH. Extension of remarks of Rep. Brock stating that "certain areas of the Great Plains region, ... should have the benefit of carefully planned and long-range research to develop the two basic resources of soil and water," and inserting a Nebr. State Legislature resolution on this subject. pp. A4126-7
12. EMPLOYMENT. Speech in the House of Rep. Van Zandt urging passage of his bill proposed to eliminate discrimination in employment because of age and stating that such discrimination "destroys human dignity and should be abolished." pp. A4131-2
13. CONSERVATION. Extension of remarks of Rep. Levering inserting an Ohio General Assembly resolution urging Congress to take appropriate action to assure sufficient appropriations for soil and water conservation programs. p. A4143
14. WHEAT. Extension of remarks of Rep. Minshall inserting an editorial, "Disaster In Wheat," and stating that it "underscores President Eisenhower's warning of what will happen if the Congress does not act promptly." pp. A4143-4
15. EDUCATION. Extension of remarks of Rep. Lankford inserting an editorial, "Unfairness on Impact Aid," and stating it demonstrates the "inherent unfairness in the administration's determined efforts to substantially curtail and eventually abolish Federal aid to impacted areas." p. A4144
16. PERSONNEL. Extension of remarks of Rep. Porter inserting his statement before the H. Post Office and Civil Service Committee during hearings on the so-called loyalty-security bill. p. A4146
17. WILDERNESS. Extension of remarks of Rep. Metcalf inserting an article, "Measure Would Protect our Parks and Forests," favoring the proposed wilderness preservation bill. P. A4149
18. WILDLIFE; RESEARCH. Rep. Metcalf inserted a report, "Observation of Effects of an Application of Heptachlor or Dieldrin on Wildlife." pp. A4155-6
19. HOUSING. Extension of remarks of Rep. Collier opposing the Senate passed housing bill and stating that "it encourages extravagant waste and expenditures which certainly are hidden from view of the average citizen." pp. A4156-8

BILLS INTRODUCED

20. PERSONNEL. H. R. 7193, by Rep. Kowalski, to make permanent certain increases in annuities payable from the civil service retirement and disability fund; to Post Office and Civil Service Committee.
H. R. 7195, by Rep. Kowalski, to grant civil-service employees retirement after 30 years' service; to Post Office and Civil Service Committee.
H. R. 7207, by Rep. Rogers, Colo., to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide annuities for surviving spouses without deduction from original annuities; to Post Office and Civil Service Committee.

21. LANDS. H. R. 7200, by Rep. McIntire, to authorize the Secretary of Agriculture to cooperate with public and private agencies in the development and maintenance of recreational facilities on the national forests and other lands administered in connection therewith; to Agriculture Committee.

H. R. 7217, by Rep. Clement W. Miller, to provide for the more orderly development of the recreation potential on U. S. public lands; to provide recreation facilities at Federal dams and on other Federal property; and to vest in the Secretary of the Interior such responsibility and authority as needed to administer this Federal property for recreational purposes; to Interior and Insular Affairs Committee.

22. PRICE SUPPORT. H. R. 7182, by Rep. Dingell, to limit the amount of price support payments which may be made to producers of agricultural commodities; to Agriculture Committee.

23. FISHERIES. H. R. 7186, by Rep. Foley, to clarify a provision in the Black Bass Act relating to the interstate transportation of fish; to Merchant Marine and Fisheries Committee.

24. TAXATION. H. R. 7187, by Rep. Harrison, to equalize taxation and provide revenue to Ways and Means Committee.

25. FARM PROGRAM; CONSERVATION. H. R. 7188, by Rep. Hogan, to expand and extend the Soil Conservation and Domestic Allotment Act to provide increased nationwide emphasis upon soil and water conservation, to prevent the wasteful and uneconomic use of farm soil and water resources, to reduce the volume of Government-owned stocks of farm commodities, to provide greater economic opportunity to farm-operating families; to Agriculture Committee. Remarks of author. pp. A4111-2

26. PROPERTY. H. R. 7190, by Rep. Johnson, Wisc., to provide that surplus personal property of the United States may be donated to the States for the promotion of fish and wildlife management activities; to Government Operations Committee. Remarks of author. p. 7489

27. MILK. H. R. 7191, by Rep. Kastenmeier, to authorize cooperative associations of milk producers to bargain with purchasers singly or in groups; to Judiciary Committee.

28. ELECTRIFICATION. H. R. 7201, by Rep. Metcalf, to provide for the comprehensive operation of hydroelectric power resources of the United States; to Interstate and Foreign Commerce Committee.

29. FOOD-FOR-PEACE. H. R. 7202, by Rep. O'Hara, Mich., to promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of U. S. agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries; to Agriculture Committee.

30. BUILDINGS. H. R. 7203, by Rep. Rains, to provide for the construction, alteration, and acquisition of public buildings of the Federal Government; to Public Works Committee.

31. SURPLUS COMMODITIES. H. R. 7218, by Rep. Wolf, to transfer the administration of the school lunch program, the school milk program, and the direct commodity distribution program under which agricultural food products are made available to the needy in charitable institutions and family units from the Department of

16. CULTURAL INTERCHANGE. Sen. Johnson, for himself and others, offered an amendment in the nature of a substitute to S. 2135, to promote foreign relations by providing for the establishment of a center for cultural and technical interchange between East and West in Hawaii, which was referred to the Foreign Relations Committee. p. 11004
17. LABOR-HEW APPROPRIATION BILL FOR 1960; FARM LABOR. The report of the Appropriations Committee on this bill, H. R. 6769, includes the following statement regarding the issuance of rules by the Labor Department with respect to agricultural employment:
- "It has come to the attention of the committee that the Department of Labor has had under consideration the issuance of rules under the Wagner-Peyser Act, which would require farmers with respect to agricultural employment to submit to regulation by the Department over farm housing, transportation, wages and hours, and related matters. ... Congress has consistently exempted agriculture from such controls because of the great difference between conditions affecting agriculture and those affecting industry. Therefore, in providing funds for the carrying out of the Bureau of Employment Security programs, it is directed that such funds not be used directly or indirectly to impose with respect to agricultural employment regulations relating to wages, hours, bargaining, or other conditions of employment, except as may be expressly authorized by law."
18. PRICE STABILITY; INFLATION. Sen. Bush inserted and Sen. Johnson criticized the report by the "Cabinet Committee on Price Stability for Economic Growth -- Interim Report to the President," and Sen. Bush explained that it discusses the "evils and cruelties of inflation," and suggests a three point program making "price stability an explicit object of national policy; a call for a balancing of the budget without any shadow of doubt; and a call for firm controls over the quantity of money and credit." Secretary Benson is a member of this Committee. pp. 10934-5, 10987-96, 10920
19. FARM LABOR. Received from the California Legislature a resolution urging Congress to enact a Federal minimum wage law for agricultural workers. p. 10922
20. RECLAMATION. The Interior and Insular Affairs Committee reported with amendments S. 281, to authorize the Secretary of Interior to construct, operate, and maintain a reregulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho (S. Rept. 439). p. 10924
21. ELECTRIFICATION; FEDERAL STATE RELATIONS. Sen. Kefauver inserted a resolution of the American Public Power Association requesting the appropriate committees in Congress "to investigate the propaganda advertising of the private power companies to determine what legislation is needed to protect the rate-paying public from misrepresentation of the facts regarding one of the Nation's essential industries and to determine if the Nation's taxpayers and ratepayers are being unjustly charged for propaganda ..." p. 10923
- Sen. Byrd, Va., inserted a letter from the Va. Association of Electric Cooperatives disassociating this group from opposition to H. R. 3, concerning the effect of acts of Congress on State laws, which stand was taken by Clyde Ellis, general manager of National Rural Electric Cooperative Association. p. 10996

22. AREA REDEVELOPMENT. Sen. Kennedy inserted a Mass. union resolution urging the early enactment of S. 722, the Douglas-Flood area redevelopment bill (House Committee version). pp. 10923-4

Sen. Byrd, W. Va., urged Congress to pass and the President to sign S. 722, the area redevelopment bill and stated that "our national security and our good business sense demand that we make this investment in human lives and in our economic future." pp. 10948-50

23. WATER RESOURCES. Sen. Wiley stressed the importance of healthy relations with Canada concerning the solution of our common water resource problems. pp. 10929-31.

24. PUBLIC DEBT. Sen. Young, Ohio, stated that had he been present he would have voted against increasing the national debt ceiling and continued by saying "were the Eisenhower administration and the Congress to practice rigid economy in Government ..., the President would not have found it necessary to ask us to increase the debt ceiling." p. 10935

25. MUTUAL SECURITY. Sen. Fulbright inserted a letter by Sen. Aiken, "To Launch Mutual Aid -- Changes In Bill Said To Reflect Bipartisan Thinking." pp. 10935-6

Sen. Javits inserted an explanation of his amendment to S. 1451, the mutual security authorization bill, concerning a continuation of the studies of the place of private enterprise in the foreign policy of the U. S. p. 11003

26. COUNTRY LIFE. Sen. Wiley inserted several letters from county agricultural agents favoring enactment of his bill, S. 265, to establish a Country Life Commission. pp. 10937-8

27. CREDIT UNIONS. Sen. Hartke commended the activities of the country's credit unions. p. 10942

28. BUDGET. Sen. Byrd, W. Va., inserted a report by the Tax Foundation, Inc., "Tax Foundation Review of Budgetary Actions in Congress as of June 29, 1959," including a table of "new obligational authority in appropriation and other bills." pp. 10996-7

29. LEGISLATIVE PROGRAM. At the request of Sen. Johnson, the Senate dispensed with the call of the calendar. Sen. Johnson announced that high priority would be given this week to S. 1451, the mutual security, H. R. 3610, the TVA self-financing bill, and H. R. 5674, the military construction bill, including the use of funds obtained under Public Law 480 for foreign military housing. pp. 10947-8, 10986

ITEMS IN APPENDIX

30. RESEARCH. Extension of remarks of Sen. Johnson inserting an editorial, "Water, Water Everywhere An Early Likelihood," discussing the saline-water conversion program in the perspective of long-range, national needs. pp. A5567-8

31. TOBACCO. Extension of remarks of Sen. Neuberger inserting an article describing a cigarette that is now being produced without the use of tobacco. pp. A 5581-2

32. CREDIT UNIONS. Speech in the House by Rep. Burdick commending the celebration of the 25th anniversary of the establishment of credit unions. pp. A5582-3

California that are representative of the many communications I have been receiving, urging enactment of the Murray-Metcalf bill authorizing Federal aid to alleviate the critical inadequacies in our elementary and secondary schools. One resolution was sent in by the board of trustees of the Laguna Salada Union School District and the other by the Planning Commission of the City of Pacifica. I ask unanimous consent to have these resolutions printed in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

RESOLUTION 12

Resolution of the Planning Commission of the City of Pacifica endorsing the Murray-Metcalf bill, a bill which would authorize Federal assistance to local school districts

Whereas Pacifica is a bedroom community with approximately \$3,000 assessed valuation behind each child; and

Whereas Pacifica already exceeds by 70 cents the maximum tax rate allowed by the State of California Legislature; and

Whereas unless additional aid is forthcoming our school program will be seriously curtailed; and

Whereas the proposed Murray-Metcalf bill would provide an additional \$25 per student to our local school district: Now, therefore, be it

Resolved, That the Planning Commission of the City of Pacifica does, therefore, endorse the Murray-Metcalf bill, and urges its duly elected Representatives and Senators in Congress to assist in the successful passage of the Murray-Metcalf bill.

RESOLUTION 1959-6-9A

Resolution of the Board of Trustees of the Laguna Salada Union School District endorsing the Murray-Metcalf bill, a bill which would authorize Federal aid to the free public school systems administered by State governments

Whereas the leadership of the United States of America and the principles upon which our Government is established are being challenged on the world scene; and

Whereas an educated people is vital to the continuance of our Government and world leadership; and

Whereas the free public school system is the means by which the local, State, and National Governments prepare their future citizens to be informed and responsible and to guide the destiny and future of the country; and

Whereas in the present era of population movement education is a national as well as a local responsibility; and

Whereas schools are handicapped by dependence on local and State tax revenues, while 70 percent of all tax moneys are collected by the Federal Government from a varied and broad tax base; and

Whereas school population is rapidly increasing with many children coming from other States; and

Whereas education is losing many teachers, both before and after teacher training, due to low salaries, crowded facilities, and more attractive job opportunities; and

Whereas great inequities exist, not only between the States, but between districts within States, in ability to finance school construction and teachers' salaries; and

Whereas the proposed Murray-Metcalf bill provides for distribution of moneys in the amount of \$25 per schoolaged child on a basis which would bolster the free public-school system throughout the United States and would, at the same time, more nearly provide equal educational opportunities of-

fered in the free public schools of the Nation; and

Whereas that portion of funds provided in the Murray-Metcalf bill to the State of California would be administered under the laws of the State of California which recognize, in principle and practice, the financial inequities which exist among the districts within its borders; and

Whereas the Laguna Salada Union School District is primarily a residential community with approximately \$3,000 assessed valuation behind each child; and

Whereas the Laguna Salada Union School District already exceeds by 70 cents the maximum tax rate allowed by the Legislature of the State of California; and

Whereas unless additional aid is forthcoming from both State and national levels, the program of this district, with 5,100 children enrolled in its schools, will be seriously curtailed: Now, therefore, be it

Resolved, That the board of trustees of the Laguna Salada Union School District of the County of San Mateo does endorse the Murray-Metcalf bill, and urges its elected Representatives and Senators in Congress to assist in the successful passage of the Murray-Metcalf bill.

RESOLUTION OF AMERICAN PUBLIC POWER ASSOCIATION

Mr. KEFAUVER. Mr. President, the American Public Power Association, meeting last month in Seattle, Wash., adopted a resolution having to do with the matter of private utility propaganda advertising. I ask unanimous consent that this resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION 9

Resolution on private utility propaganda

Whereas the privately owned power companies, through a national program, are continuing an expensive propaganda campaign against consumer-owned electric utilities through inaccurate and irresponsible advertising; and

Whereas these large budgets for advertising can better be used to develop electric loads and improve the American electric utility industry as a whole instead of driving a wedge between certain segments of that industry; and

Whereas the American Public Power Association strongly supports an expended program of accurate, truthful and ethical advertising as part of a business-managed utility industry, both privately and consumer owned; and

Whereas the Commissioner of Internal Revenue has ruled that the cost of such propaganda advertising is not deductible as a business expense for Federal income tax purposes, but the propaganda expense is still being charged to the ratepayers, including certain consumer-owned utilities which buy their bulk power supply from privately owned systems; and

Whereas certain State regulatory commissions have ruled, and the staff of the Federal Power Commission has recommended, that propaganda advertising should not be properly chargeable to consumers through utility rates; Now, therefore, be it

Resolved, That the American Public Power Association respectfully requests the appropriate Committees of the Congress to investigate the propaganda advertising of the private power companies to determine what legislation is needed to protect the rate-paying public from misrepresentation of facts regarding one of the Nation's essential

industries and to determine if the Nation's taxpayers and ratepayers are being unjustly charged for propaganda advertising inimical to the public interest.

FEDERAL AID TO EDUCATION— LETTER

Mr. LAUSCHE. Mr. President, on June 15, I addressed this body pointing out that the Cincinnati Board of Education had declined to accept a sizable Federal grant of money under the National Defense Education Act of 1958.

Now comes to my attention the fact that the Jackson Local School District of Stark County, Ohio, has taken similar action.

Their course of action is significant because it recognizes:

First. That the obligation of maintaining, building and operating the schools belongs to local and State government;

Second. That the Federal Government is in such financial plight making it less and the local and State governments more capable of providing such funds;

Third. That if the school system is to be kept out of bureaucratic control and thought moulding, then the local school boards should do their own financing inasmuch as final control will be with the governmental agency that has control of the purse strings;

Fourth. That the taxpayers of the Jackson School District will pay to the Federal Government immensely more for the financing of the program than they will get back by way of school aid.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter from the Jackson Local School District.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JACKSON LOCAL SCHOOL DISTRICT,
Massillon, Ohio, June 19, 1959.

Hon. Senator FRANK J. LAUSCHE,
Senate Office Building,
Washington, D.C.:

The following resolution, which is self-explanatory, was passed by the Jackson Local School District Board of Education with one dissenting vote on June 10, 1959:

"Resolved, That we do not wish to avail ourselves of the offer of the National Defense Act, title 3, for the purchase of science, mathematics, and foreign language equipment, and teaching aids, as it is against the policy of our board of education to accept Federal aid."

W. S. Essig,
Clerk, Jackson Local School District.

AREA REDEVELOPMENT BILL— RESOLUTION

Mr. KENNEDY. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution which was recently adopted by the Berkshire Joint Board, Textile Workers Union of America, AFL-CIO, urging the early enactment of the area redevelopment bill.

Berkshire County in Massachusetts has a number of towns and cities which have experienced a high level of unemployment over a period of several years. It is in areas of this character that the

area redevelopment bill would be specially helpful.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION ON AREA REDEVELOPMENT LEGISLATION

The problem of chronic unemployment will persist with us even if the level of national unemployment declines. There are more than 200 labor markets with substantial labor surpluses which means that more than 6 percent of the labor force are unemployed in these areas. In 121 major and smaller labor markets, unemployment in excess of 6 percent has lasted for more than 18 consecutive months. Continued unemployment has brought great human distress representing a drain on the resources of the individuals, their families, and the communities.

In most of these areas the long-term unemployment is due to the fact that the older industries have shrunk in size, or closed, or employment in the established plants has been reduced by automation and technological change. New industries and employment have not appeared in sufficient volume, if at all, to absorb the present employees and the new entrants into the labor force.

The Adams-North Adams area, as well as the Pittsfield, Mass., area, have been distressed for many months. The latest report on unemployment shows 14.4 percent unemployed in the Adams-North Adams area and 6.6 percent unemployed in the Pittsfield area. Our communities need the benefits which would be provided for under the area redevelopment bill now being considered by the House of Representatives.

The American people are committed to maintaining an economy which assures maximum employment, production and purchasing power. Only by assuring jobs for these people can we assure the realization of this goal.

We are now helping foreign distressed and underdeveloped areas through our foreign aid program; these same principles should be implemented in this country: Therefore be it

Resolved, That we, the Berkshire Joint Board, Textile Workers Union of America, AFL-CIO, urge upon the Congress of the United States that it pass the area redevelopment bill S. 722 (House version) and that the President of the United States sign this bill.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JOHNSTON of South Carolina from the Committee on Post Office and Civil Service, with amendments:

S. 1495. A bill to consolidate and revise the laws relating to employment of aliens in the several States and the District of Columbia (Rept. No. 437); and

H.R. 6134. An act to amend the Federal Employees Pay Act of 1945 to eliminate the authority to charge to certain current appropriations or allotments the gross amount of the salary earnings of Federal employees for certain pay periods occurring in part in previous fiscal years (Rept. No. 436).

By Mr. RUSSELL, from the Committee on Armed Services, without amendment:

H.R. 3368. An act to extend the special enlistment programs provided by section 262 of the Armed Forces Reserve Act of 1952, as amended (Rept. No. 438).

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 196. A bill for the relief of Grover J. Cole (Rept. No. 442);

S. 1829. A bill for the relief of Herman Luchner (Rept. No. 443);

S. 2100. A bill for the relief of Milka Jurisch (Rept. No. 444);

H.R. 1547. An act for the relief of T. Sgt. Walter Casey (Rept. No. 445);

H.R. 2065. An act for the relief of Arthur J. Dettmers, Jr. (Rept. No. 446); and

H.R. 5914. An act for the relief of Dr. Radboud Louwrens Beukenkamp (Rept. No. 447).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

H.R. 322. An act for the relief of Monmouth County, N.J. (Rept. No. 448); and

H.R. 1605. An act for the relief of Harry F. Lindall (Rept. No. 449).

By Mr. LANGER, from the Committee on the Judiciary, without amendment:

S. 368. A bill for the relief of William Reinke (Rept. No. 440); and

S. 1947. A bill relating to the authority of the Customs Court to appoint employees, and for other purposes (Rept. No. 441).

By Mr. KEFAUVER, from the Committee on the Judiciary, with amendments:

S. 716. A bill to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes (Rept. No. 451).

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, with amendments:

S. 2148. A bill to amend title XI of the Merchant Marine Act, 1936, as amended, to provide for the deposit of funds in escrow with the Secretary of Commerce, to provide for the payment of insurance, in part, on the basis of such deposits, and for other purposes (Rept. No. 450).

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, without amendment:

S. 1789. A bill to amend section 1(14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight-car supply, and for other purposes (Rept. No. 452).

CONSTRUCTION OF PUBLIC WORKS AT THE BURNS CREEK PROJECT, IDAHO—REPORT OF A COMMITTEE—MINORITY VIEWS

Mr. CHURCH. Mr. President, from the Committee on Interior and Insular Affairs, I report favorably, with amendments, the bill (S. 281) to authorize the Secretary of the Interior to construct, operate, and maintain a reregulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho, and for other purposes; and I submit a report (No. 439) thereon, together with minority views. I ask that the report be printed, together with the minority views.

The PRESIDENT pro tempore. The report will be received and printed, as requested by the Senator from Idaho; and the bill will be placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SALTONSTALL (for himself and Mr. KENNEDY):

S. 2282. A bill to amend the act of July 17, 1952; to the Committee on Finance.

(See the remarks of Mr. SALTONSTALL when he introduced the above bill, which appear under a separate heading.)

By Mr. MURRAY:

S. 2283. A bill to amend the Revised Organic Act of the Virgin Islands, as amended;

to the Committee on Interior and Insular Affairs.

By Mr. ENGLE:

S. 2284. A bill to permit the free marketing of gold, and for other purposes; to the Committee on Banking and Currency.

S. 2285. A bill referring to the U.S. Court of Claims certain matters relative to the War Production Board Limitation Order L-208; to the Committee on the Judiciary.

By Mr. GOLDWATER:

S. 2286. A bill to authorize the leasing of land on the Colorado River Indian Reservation, Arizona and California, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. FULBRIGHT:

S. 2287. A bill to promote the foreign policy of the United States; to provide for the protection of U.S. citizens abroad; to provide standards for the issuance of passports by the Department of State; and for other purposes; to the Committee on Foreign Relations.

(See the remarks of Mr. FULBRIGHT when he introduced the above bill, which appear under a separate heading.)

By Mr. ERVIN:

S. 2288. A bill to amend section 17 of the War Claims Act of 1948 to authorize rehearing of certain claims; to the Committee on the Judiciary.

By Mr. KEFAUVER:

S. 2289. A bill to provide increases in compensation for food service workers and laundry workers under the Veterans' Administration; to the Committee on Post Office and Civil Service.

S. 2290. A bill to incorporate the Paralyzed Veterans of America; to the Committee on the Judiciary.

By Mr. KEFAUVER (for himself and Mr. GORE):

S. 2291. A bill to authorize the erection of a plaque in honor of the late Honorable Sam D. McNolds on or near the site of the Chickamauga Dam; to the Committee on Rules and Administration.

By Mr. KERR (for himself and Mr. MONROE):

S. 2292. A bill to waive section 142, title 28, United States Code, with respect to the U.S. District Court for the Eastern District of Oklahoma, holding court at Durant, Okla.; to the Committee on the Judiciary.

(See the remarks of Mr. KERR when he introduced the above bill, which appear under a separate heading.)

By Mr. BEALL:

S. 2293. A bill to amend the District of Columbia Alcoholic Beverage Control Act; and

S. 2294. A bill to amend the District of Columbia Alcoholic Beverage Control Act so as to prohibit the sale of beer by manufacturers to consumers and to prohibit the sale of beer and light wines by wholesalers to consumers; to the Committee on the District of Columbia.

By Mr. HARTKE:

S. 2295. A bill to establish in the Library of Congress an Intergovernmental Reference Service to serve as a national clearing house, research center, and consulting service in matters pertaining to State and local governments; to the Committee on Rules and Administration.

(See the remarks of Mr. HARTKE when he introduced the above bill, which appear under a separate heading.)

By Mr. HUMPHREY:

S. 2296. A bill for the relief of Gertude Waltraut Malinowski;

S. 2297. A bill for the relief of Michael Kalligeros;

S. 2298. A bill for the relief of Veljko Vujovich; and

S. 2299. A bill for the relief of Alice Tyrrell (Alice Tyrrell Beacon); to the Committee on the Judiciary.

to have this bill reported with the teacher salary provision included.

Ruth A. Stout, President, William G. Carr, executive secretary; Alabama: A. Carson; Arkansas: R. B. Chitwood; California: Hazel A. Blanchard, John H. Palmer, Jennie M. Sessions, Elizabeth A. Yank; Colorado: Newell B. Walters; Connecticut: Elma C. Leblond; Delaware: Eleanor C. Wood; District of Columbia: Charl O. Williams, Helen E. Samuel; Florida: Braulio Alonzo; Georgia: Claude Purcell; Idaho: Ruth R. Chandler; Illinois: W. S. Albertson, E. H. Mellon; Indiana: Gertrude McComb, Audrey Shauer, H. L. Smith; Iowa: Pearl Crow; Kansas: F. L. Schlagle; Kentucky: Lyman V. Ginger, Willie C. Ray; Maine: Grover B. MacLaughlin; Maryland: Harry R. Poole; Massachusetts: Albert M. Johnson; Michigan: Lillian A. Comar, Francis W. Beeson; Minnesota: Evelyn Cowden; Missouri: Harold Lickey, Margaret C. Schowengerdt; Nevada: Kathleen Griffin; New Hampshire: Mabel McKelvey; New Jersey: Sampson G. Smith; New Mexico: W. B. O'Donnell; New York: James A. Cullen, Virgil N. Rogers; North Carolina: Walter G. Byers, Earl Funderburk; North Dakota: A. L. Hagen; Ohio: Margaret Boyd, Lucille Carroll; Oklahoma: Garland Godfrey, Inez Gingerich; Oregon: Antonio Crater; Pennsylvania: W. W. Eschelmann, Audrey S. Graham, G. Baker Thompson, H. E. Gayman; Rhode Island: Marie R. Howard; South Carolina: A. C. Flora; South Dakota: Joy Hamrin; Tennessee: Robert G. Neil; Texas: Myrtle Hembree, Floyd W. Parsons; Utah: John C. Evans, Jr.; Vermont: Esther J. Urle; Virginia: Joe V. Van Pelt, Cornelia S. Adair; Washington: Joyce A. Bryan; West Virginia: Mary Sturm; Wisconsin: S. R. Slade; Wyoming: Velma Linford.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, will the Senator from West Virginia yield?

Mr. BYRD of West Virginia. I yield.

Mr. JOHNSON of Texas. May I have the attention of the minority leader?

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I am informed that the House has acted upon the conference report on the tax extension bill. When the report reaches the Senate, I am informed by the chairman of the Committee on Finance that he will move that the Senate proceed to the consideration of the report. I anticipate the report will be considered, and I trust it can be acted upon today. I shall ask the Senate to stay late, if necessary, in order to have the report acted upon.

I have notified the members of the committee who I think are interested. I hope the minority leader will notify any Members of the Senate on his side who are interested. I ask the attachés of the majority to notify any Senators who have expressed an interest.

I repeat, we expect to consider the conference report on the tax extension bill today, and we expect to remain here until a majority decision of the Senate has been given.

I would also expect to continue with consideration of the military construction bill, after we have acted on the conference report on the tax extension bill. We will also consider the mutual aid authorization bill, as reported by the Committee on Foreign Relations.

I expect it will be necessary for us to have evening sessions throughout the week. Of course, we will not be in session on Saturday. It is possible we could adjourn over from Thursday night, if we complete action on the conference report on the tax extension bill, and pass on the mutual-aid bill, the military construction bill, and the TVA bill. Those are the four bills we expect to give high priority, together with all conference reports on appropriation bills, or of any other nature. As Senators know, conference reports are of a privileged nature and can be considered as soon as they are submitted.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. SALTONSTALL. Can the majority leader give us any time when he expects the conference report on the tax bill to be here?

Mr. JOHNSON of Texas. Momentarily.

Mr. SALTONSTALL. Momentarily. I thank the Senator.

Mr. LONG. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. LONG. I hope that a motion has not been made to adjourn the House until Wednesday, as I heard the House would attempt to do, in order to put over this deal, so that the Senate would lose its right to amend legislation.

Mr. JOHNSON of Texas. I will say to the Senator—

Mr. LONG. If the House wants to adjourn and claims the Senate is irresponsible unless the Senate takes this type of a mandate from the House, I suppose, if the worst comes to the worst, those of us who oppose the conference report will have to accept the responsibility for the loss of \$9 million of revenue daily for the Government.

Mr. JOHNSON of Texas. In response to the Senator's statement, I will say that I have no knowledge of the House action, and I have no comment on it. That is a matter for the House to determine. I would seriously doubt that the House would adjourn for that reason, since I know the leadership of that body as I do.

I know the House has acted and discharged its responsibility as it saw it. I expect the Senate to do likewise.

Later in the day, when the conference report is received, each Member will have an opportunity to take any action he may desire. All I want to do at this stage of the game is to say to the Senate that the chairman of the committee has informed me—as I informed the Senator earlier, before the session convened—that he would submit the report. When the chairman of the committee submits the report it will then be a matter for the majority of the Senate to decide, as to what action the Senate will take.

I have asked the minority leader and the attachés of the Senate to notify every Senator who has expressed an interest in the conference report. We will have a quorum call as soon as the report comes to the Senate and prior to the time the chairman of the Committee on Finance submits it. I want all Senators to be on notice. For that reason I called the Senator earlier this morning and informed him of this possibility.

Mr. LONG. Mr. President, will the Senator yield a moment longer?

Mr. JOHNSON of Texas. I yield.

Mr. LONG. The Senator knows it is my attitude that, rather than to submit to this kind of treatment from the House, the Senate should simply take up by motion the little bill which has to do with letting servicemen send their gifts, not exceeding \$50 in value, without paying any tax or tariff on them. That bill would pass on the calendar without objection. We could simply amend that little bill to extend the excise taxes for 30 days and send it over to the House, with the understanding that if the Senate declines to agree to the conference report on the tax extension bill the House would have a bill with an amendment to which it could readily agree, when the bill was considered. That procedure would protect the solvency of the Government by providing that the excise taxes shall not expire. That would give us 30 days to talk about the matter. During that time perhaps we could work out some way by which the Senate and the House could agree upon these matters.

That course seems to me to be the better part of responsibility. It is an anchor to windward, to protect the administration and to protect the revenues of the Government. At the same time it would make it possible for us to go ahead and face the issue without having undue pressures brought to bear on us, as though we were being irresponsible by voting to uphold the dignity and position of the Senate as established by the Constitution of the United States.

Mr. JOHNSON of Texas. I do not know what the position of the chairman of the Committee on Finance would be as to that suggestion. The Senator from Louisiana has previously made the suggestion to me.

The Senator from Virginia informed me he expected to submit the conference report. I hope, after the Senator submits the conference report, the Members of the Senate can vote it up or down. I think it represents a majority opinion of the Senate.

I hope we can take action prior to the deadline tomorrow evening, but that is a matter within the control of each individual Senator. The Senator can discuss the matter with the chairman of the committee. The Senator is a very able and influential member of the committee. If Senators can agree to a procedure, I shall be glad to cooperate with them in an attempt to bring about action before the end of the fiscal year.

I want each Senator to know that the conference report has priority. It is a privileged matter. It has been acted upon by the House. It will be brought before the Senate, and then it will be up

to the Senate to decide what action it wishes to take.

Mr. LONG. The Senator overlooks one fact. The conference report is subject to debate.

Mr. JOHNSON of Texas. Yes. The Senator from Texas has not overlooked that fact. As a matter of fact, that accounts for the statement just made, so that all Members may be here, prepared to exercise their rights if they care to.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. CARLSON. As Members of the Senate—and I make this statement as one who had the privilege of serving in the House of Representatives and who for 8 years served on the House Committee on Ways and Means—I think we should realize that we must not only maintain comity between groups such as the Ways and Means Committee of the House and the Finance Committee of the Senate but also between the Senate and the House of Representatives. The House originates tax measures. I sincerely hope we will keep that in mind when we consider the question of extending excise taxes.

I trust the distinguished majority leader will not consider taking up by motion a minor bill in order to take care of the debt limitation.

Mr. JOHNSON of Texas. Mr. President, I have stated what I expect will happen; which is that the chairman of the Committee on Finance will submit the conference report. I am aware of the fact that each Member of the Senate has a right to discuss the report. It will be, in my opinion, the pending business of the Senate. I shall urge Senators to act upon it when they have completed their statements. If necessary I shall ask the Senate to stay late—even to go around the clock if necessary—until we act upon the report.

Mr. President, I thank my friend, the Senator from West Virginia, for his indulgence.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 5676) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1960, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RABAUT, Mr. NATCHER, Mr. CANNON, Mr. RHODES of Arizona, and Mr. TABER were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7343) making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1960, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes

of the two Houses thereon, and that Mr. ROONEY, Mr. PRESTON, Mr. CANNON, Mr. BOW, and Mr. TABER were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, and for other purposes.

The message also announced that the House had agreed to the amendments of the Senate to the joint resolution (H.J. Res. 322) for the relief of certain aliens.

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 232) honoring Arthur Fiedler on his 30th anniversary as conductor of the Boston Pops Concerts, in which it requested the concurrence of the Senate.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 232) honoring Arthur Fiedler on his 30th anniversary as conductor of the Boston Pops Concerts, was referred to the Committee on Labor and Public Welfare, as follows:

Whereas Arthur Fiedler has been conductor of the Boston Pops Concerts for 30 years, one of the longest tenures in musical history; and

Whereas Arthur Fiedler's personality, flair, and sound musicianship have made these concerts known throughout the world; and

Whereas Arthur Fiedler has made an enormous world public aware of the charm and satisfactions of good popular music played by a symphony orchestra; and

Whereas in these thirty years Arthur Fiedler has led over two thousand concerts in this country and abroad heard by audiences of many millions; and

Whereas Arthur Fiedler has spread the pleasure of music to millions more by means of radio, television, and sound recordings; and

Whereas Arthur Fiedler and the Boston Pops Orchestra in these thirty years have come to occupy a unique position in the musical history of Boston, the United States of America and the world: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States of America, hereby heartily congratulates Arthur Fiedler on his thirtieth anniversary as conductor of the Boston Pops Concerts and expresses the gratitude of the Nation for his contribution to our cultural life and musical heritage.

THE NEED FOR PASSAGE AND PRESIDENTIAL APPROVAL OF S. 722—AID TO DEPRESSED AREAS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that I may be permitted to speak 5 minutes in addition to the 3 minutes allotted.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

Mr. BYRD of West Virginia. Mr. President, in recent weeks we have been

hearing very encouraging reports on the progress of economic recovery in the country. Employment in May reached the highest figure in our history; unemployment is slowly declining and has fallen slightly below 5 percent of our total labor force for the first time in well over a year.

But, Mr. President, in many parts of the country, including the State of West Virginia, conditions have improved little. Serious unemployment continues in portions of West Virginia. During the first quarter of this year my State's unemployment compensation payments totaled \$2 million more than during the last quarter of 1958.

A recent report from the West Virginia Department of Employment Security shows 14.4 percent of civilian labor force in the distressed areas unemployed. In the major areas, unemployment is 12.2 percent, and in some of the smaller areas it is as high as 27.6 percent of the labor force. There remains a deficit of 53,472 jobs—that means unemployment in excess of 6 percent—in the distressed labor markets. None of the 14 West Virginia labor market areas which had been classified as distressed have as yet been removed from that category. There is little chance that they will be unless there is a concerted effort and Federal assistance to redevelop West Virginia's economy.

In West Virginia, but not only in West Virginia, most of the unemployed are no longer eligible for unemployment compensation and their savings have been used up. Many families exist on "molly grub"—the name for the surplus commodities distributed by the Government. I have seen more hunger, hardship, and privation in many of our communities than existed during the great depression of the thirties.

Mr. President, this is not a temporary problem created by the recent depression and, therefore, subject to solution eventually by continuing economic recovery. The depressed areas in my State and other States where serious unemployment has existed for more than 6 years, are undergoing profound structural changes in their economies. In the coal regions of West Virginia, Pennsylvania, and Kentucky, two causes stand out, new technology—automation, if you will—and loss of markets. Today 85 percent of the coal mined in the Nation is cut by machine and 90 percent is loaded by machine. A single continuous miner machine operating with a crew of six does the work of 40 to 50 hand miners.

Coal in West Virginia has become increasingly expensive to mine and mechanization has been speeded up because of the competition of oil and gas. Today, West Virginia supplies the eastern seaboard with less than one-third of the prewar amount of coal shipped there. The pipelines from the Southwest and foreign residual oil has taken the bulk of the entire market.

In many places, technological changes have deepened the problem of unemployment. The shift from tanks and ordnance to aircraft and missiles in our defense has hurt Michigan, for example. The decentralization of automobile as-

sembly and production and the merger among smaller automobile companies make it possible for automobile companies to reach prerecession production levels with considerably less than prerecession employment. Production of autos in 1958 was only 4 percent less than in 1956, but the number of workers was 20 percent less.

The Governor of West Virginia at the hearings held in my State expressed the problem very clearly:

Automation or mechanization has been and will continue to be a significant force in our economy. We have a scientific Frankenstein yet to be harnessed. We cannot and would not stay mechanization, but we must learn and act to live with it and enjoy the fruits of men's ingenuity.

This situation is not confined to West Virginia. It is not a local problem. It is a national problem. It reaches into more than a thousand communities in 32 States. Thousands of families are affected and local resources are inadequate to do the basic job which must be done. We are in an era of change and in the long run this change will produce greater prosperity and better working conditions, but the transition works hardships which should and can be eased. Surely we need not sacrifice thousands of families for the sake of progress and a better life for the rest of us. Had we planned ahead, this could have been avoided, but we should learn from this experience and prepare not to let it continue or be repeated.

We are now headed toward another industrial revolution which is likely to displace thousands more workers. The peaceful use of atomic energy in the distant future may change the whole character of the American economy and create problems which will make those caused by the gradual spread of automation in recent years seem relatively trivial. Are we going to sit idly by and allow each surge forward in our economic progress to leave whole communities in poverty and despair? Aside from the humanitarian aspects of the matter, can we afford this recurring waste involved in idle manpower and obsolescent plants? The waste of human resources of this generation and of future generations remains an inexcusable blot upon our national conscience. This is a situation which we, the richest, most enlightened, and most humane nation in the world, cannot continue to tolerate.

Mr. President, these problems of depressed areas are not new. The Congress and the executive branch have discussed and considered remedies since 1954. The Joint Economic Committee in the 84th Congress called for Federal action to help chronically distressed communities. In 1956, the committee reiterated its conclusion that a Federal depressed-areas program is desirable and a bill introduced by the Senator from Illinois [Mr. DOUGLAS], S. 2663, was passed by the Senate, but was not acted upon by the House prior to adjournment of the 84th Congress. In the 85th Congress, the Senator from Illinois [Mr. DOUGLAS]—along with 39 cosponsors—introduced S. 3683. This bill passed both Houses of Congress, but did

not become law by reason of a Presidential pocket veto. In their 1956 platforms both political parties called for Federal legislation to aid economically depressed areas.

The President in his "Economic Report for 1956" stated:

The fate of distressed communities is a matter of national as well as local concern.

He also expressed the conclusion that other uncoordinated Federal programs were inadequate to meet the need:

Although these programs have proved helpful, experience demonstrates that bolder measures are needed.

In the "Economic Report of the President" in January 1959, concern for depressed areas was repeated:

Despite the forward economic strides of the Nation since the war, some communities have suffered substantial and persistent unemployment when measured against national experience. Federal assistance to these communities is required not only to mitigate the hardships of individuals and families but also to provide for the use of underutilized resources, to the enhancement of the national welfare.

To meet this problem, early in this session of Congress our distinguished colleague from Illinois [Mr. DOUGLAS] introduced the Area Redevelopment Act (S. 722) early this year. It passed the Senate but has not been acted upon by the House.

The Employment Act of 1946 places the responsibility upon the Federal Government for "creating and maintaining conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production and purchasing power." As the Report on the Area Redevelopment Act of the Committee on Banking and Currency so ably pointed out, this continuing responsibility of the Federal Government "applies alike to general nationwide economic conditions, and to conditions in those unfortunate areas where unemployment and underemployment continue to exist, year after year, whatever may be happening elsewhere."

We have the responsibility and we have recognized the need, but nothing has as yet been done. The administration is concerned with balancing the budget, but the money authorized by S. 722 bears no significance to balancing the budget. Only \$89 million of the total amount is not repayable as borrowed money. The revenue resulting from new industries and new jobs I feel sure will return far more than that in the long run. The President gives lip service to the necessity for such a measure, but will he sign into law a bill passed by Congress to deal with this urgent problem?

Mr. President, the Senate has at least made a small beginning in meeting its responsibility. We have passed S. 722, and I sincerely hope that the House will soon act favorably and send it to the White House. S. 722 has been thoroughly debated in this Chamber, but let me briefly discuss some of its aspects. First of all, it is not a spending bill, but provides for the investment of Federal

funds in the future of some of our local communities. It would establish an Area Redevelopment Administration, under the direction of an Administrator appointed by the President, which would be concerned with the problems of areas which have been left behind in our economic growth. Three revolving loan funds of \$100 million each would be created by borrowing from the Treasury. The Administrator would be authorized to make loans for: first, industrial areas; second, rural areas; and, third, public facilities in both industrial and rural areas where such facilities would encourage economic development. The Administrator would have to determine that the project was calculated to provide more than temporary relief of unemployment, and that financial assistance requested was not immediately available from private lenders or other Federal agencies. The loan assistance could not exceed 65 percent of the aggregate cost to the applicant, and the State or political subdivision thereof would be required to supply a minimum of 10 percent.

All loans would carry an interest rate of one-fourth of 1 percent a year above the rate of interest charged by the Treasury and would mature not later than 40 years after the date such loans were made.

It is obvious that certain redevelopment areas throughout the country would be unable to qualify for loans, thus excluding the possibility of their undertaking certain industrial projects. In those areas which cannot repay loans the bill provides authorization for appropriations up to \$75 million for grants for public facilities. Provision is made for technical assistance to designated areas, and S. 722 authorizes an appropriation of \$4.5 million for this purpose. A very important feature of the bill is the provision for vocational retraining, which would be furnished through State vocational educational agencies. A fund of \$10 million is included for making subsistence payments to unemployed persons being retrained and not entitled to unemployment compensation.

Mr. President, these areas of poverty and privation affect not only the area itself, but the Nation as a whole. There has been much discussion recently of the continuing lag in our economic growth. Mr. Allen Dulles, Director of the Central Intelligence Agency, has pointed out that the economy of the Soviet Union is moving forward at a rate three times that of the United States and the gap between us can be closed sooner than we think. In this situation we need to use fully every resource we have—human and material. Idle hands and idle plants become a drag upon our economic growth. S. 722 provides a means of putting unemployed persons to work producing goods which otherwise would not be produced. Assistance to these areas will reduce relief costs, unemployment compensation costs, and all of those indirect costs attending these conditions—increased crime, health hazards, deterioration of education, and improper environment for children. These commu-

nities can be returned to economic health which will increase the tax revenues and permit them to move ahead with the rest of the Nation.

Important in the philosophy of S. 722, Mr. President, is the recognition that the people of these distressed areas are not seeking handouts. The bill is designed to help those areas which have sound economic potential to help themselves. The States and local communities have not been remiss in their own efforts. Some States have established development authorities of various kinds. In my own State of West Virginia, our State university has been doing some excellent research into our problems. The Governor and the legislature are considering expanding the highway program in an effort to create more jobs immediately. Many other efforts are being made at the local level. But the States are finding it increasingly difficult to meet their financial obligations. A casual glance at the economic messages of the Governors of several States indicates the severity of State fiscal problems. Federal assistance to these areas to strive more effectively for recovery would help to increase local revenues and make it possible for them to do an increasing amount of the job for themselves. The cost to the Nation of continuing unemployment is far greater than the funds provided in this bill—and certainly much more wasteful.

In 1958, unemployment cost \$4 billion in unemployment compensation alone. During the past 6 years, the cost of the surplus food distribution program concentrated in high unemployment and low income areas amounted to \$1.2 billion. That is an average yearly rate of \$200 million. The State of West Virginia in 1958 paid \$50 million in unemployment compensation. This is almost \$25 per capita for the total population. During the first quarter of 1959 unemployment compensation benefits amounted to \$8.4 million. Other States have made similar payments. Think what might have been done, if with the help of the Federal Government, a part of this money could have been invested in public facilities and new or reconditioned plants to provide some new jobs.

The heaviest cost of unemployment is the waste of human resources and the injury to human dignity. People are entitled to the right to earn their living and this country cannot afford to lose the production of thousands of unemployed.

Mr. President, we have recognized the need but not the urgency. For 5 years we have talked about the problem while homes have been falling to pieces for want of repair, small businesses have been closing for want of customers, human beings have been eking out an existence close to starvation—and some have starved. Children have been physically and mentally retarded because of inadequate diets and malnutrition, men and women have lost all hope and many have turned to drink and to crime. These are families who once were hardworking, who were glad to meet their responsibilities to their children and their communities. These are people who do not want relief, but want

the opportunity to work, to earn their living, to make their contribution to their fellow man by providing their share of labor to the national production. How can we—the Congress and the President—continue to ignore this erosion of human dignity? Is a balanced budget more important than that the children in these communities have a decent home, a fireside, food on the table, clothes, shoes, that they are able to attend school and prepare themselves to be responsible citizens of the greatest Nation in the world?

Our national security and our good business sense demand that we make this investment in human lives and in our economic future. Mr. President, I urge the Congress to pass S. 722 quickly and I ask that President Eisenhower sign it immediately so that thousands of our citizens may get on with the job.

Mr. President, I desire to address myself to another subject.

The PRESIDING OFFICER. The Senator from West Virginia.

BLACKWATER FALLS STATE PARK, W. VA.

Mr. BYRD of West Virginia. Mr. President, in yesterday's edition of the Washington Sunday Star there was printed an excellent tribute to one of West Virginia's finest resort spots, the Blackwater Falls State Park near Davis.

Mr. John W. Stepp of the Star's staff wrote about the park in glowing terms, describing it as a "scenic spectacle" of "breath-taking nature" whose wonders "transfix the senses." He also praised the large vacation lodge and adjoining cabins operated by the West Virginia Conservation Commission at the park.

In his salute to Blackwater Falls State Park, Mr. Stepp has fully outlined the wonderful attractions of this mountain retreat—except, perhaps, for one additional feature. He also might have written that the park and its lodge are becoming a Mecca for thousands of skiing enthusiasts. Each winter, skiers from all over the eastern portion of America—and especially many from here in Washington—journey to Davis and Tucker County, W. Va., to ski on slopes adjoining or near the State Park. Hundreds of them stay at the large Blackwater Lodge, and enjoy the beauty of the Blackwater gorge during their sport trip.

Mr. President, I ask unanimous consent that the Washington Sunday Star's commendable tribute to West Virginia's Blackwater Falls State Park be printed in the body of the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A WEEKEND ESCAPE SPOT LIES WITHIN 200 MILES

(By John W. Stepp)

A touch of the grandeur of the Rockies lies within a 200-mile reach of metropolitan Washington urbanites who grasp for mountain grandeur at low cost.

The spot is Blackwater Falls State Park, near Davis, W. Va.

In this tableland country just beyond the 4,000-foot Allegheny Front, the falls and the

gorge of Blackwater River provide the kind of scenic spectacle that relatively few realize exists closer than New England, the Great Smokies or the far-distant Rockies.

The breath-taking nature of the 2-mile-long, 525-foot-deep gorge alone is reward enough for many travelers. Waterfall lovers, an avid group, have a lot to appreciate standing before the main falls at the head of Blackwater's precipitous valley.

Further along, the river's muted roar over the jumbled rocks below and the sight of the streamerlike tributary Falls of Pendleton and Falls of Elakala transfix the senses.

SIGHTS AND SOUNDS

Blending with the sights and sounds of the waters of the Blackwater gorge is the wilderness of hemlock, maple, and rhododendron marching up the slopes and over the crests in every direction—beautiful at all times of the year in their varying ways.

West Virginia's Conservation Commission over the years has been given increased attention to the attractions of its Blackwater country. The park now ranks as one of the State's most thoroughly developed.

A 55-room lodge—immaculate and of neorustic design—perches on one side of the Blackwater chasm. It is served by a picture-windowed dining room that specializes in seafood, of all things—and among other things.

On the outskirts of the lodge, 25 cabins hover like suburbs around a city. The cabins are citted in every respect, except television. Each has an all-electric kitchen, automatic oil heat, modern plumbing, modern furniture and knotty-pine paneling all over the place. Roughing it with your own cook-ins in this electrified fashion is permitted all year around.

OTHER ATTRACTIONS

For the further enjoyment of vacationers—whether 1-day, 1-week, or 1-year type—there are picnicking conveniences, scenic hiking trails, an artificial lake for swimming and ice skating in season, and natural fishing grounds for the trout-fly people. (Signs at the top of the gorge thoughtfully caution: "Don't Throw Rocks—Fishermen Below.")

Hard-surface roads serve the park itself. The highways from Washington to Blackwater are excellent, though two-lane and winding, as any mountain motorist should expect.

The best approach to this patricular spot of wilderness from the Nation's Capital is Virginia route 7 through Leesburg to Winchester; U.S. route 50 from Winchester to Gorman, W. Va.; West Virginia route 90 from Gorman to Thomas; then follow the signs to Davis and the falls country.

And en route: Traffic light, scenery splendid.

OUR CONTINENTAL AIR DEFENSE

Mr. MARTIN. Mr. President, the Department of Defense and the Senate's Committee on Armed Services are to be commended most highly for their constant efforts to give our Nation the military defense it needs—the most up-to-date and most effective military machine possible. They also are to be commended equally for their concurrent effort to prevent wasteful or unnecessary spending from creeping into the development and maintenance of that military organization.

The new overall program for the defense of our Nation against enemy air attack, which has been proposed by the Department of Defense and approved by the Senate committee, is designed to give us the greatest military defense capability

House

1727/57

7. WHEAT. Sen. Carlson inserted a statement and a resolution adopted at a meeting (which was attended by officials of this Department) of farmers and businessmen of Rawlins County, Kan., protesting the reduction in wheat acreage allotments for the county. pp. 13011-2
8. INTERGOVERNMENTAL RELATIONS. The Government Operations Committee reported with amendment S. 2026, to provide for the establishment of an Advisory Commission on Intergovernmental Relations (S. Rept. 584). p. 13012
9. FOREIGN AID. Received from the President "a report on Economic Assistance: Programs and Administration."; to Foreign Relations Committee. p. 13011
10. TRANSPORTATION. Sen. Wiley inserted an article by Sen. Smathers, "Blueprint To Save Our Railroads." pp. 13026-7

HOUSE

11. MUTUAL SECURITY. The Appropriations Committee reported without amendment H. R. 8385, the mutual security appropriation bill for 1960 (H. Rept. 712). p. 13125
Received from the President a communication transmitting an amendment to the appropriation estimate for fiscal year 1960 for the Development Loan Fund, previously transmitted in his letter of June 26, 1959. This amendment would provide funds for both fiscal years 1960 and 1961 (H. Doc. 205). p. 13124
Received from the International Cooperation Administration a copy of its reply to the Comptroller General on the GAO report on its "Review of Mutual Security Program Presentation to the Congress for Fiscal Year 1959 Economic Assistance to China, Korea, and Vietnam." p. 13124
12. FOREIGN AFFAIRS. Passed, 230 to 87, as reported H. R. 7072, to provide for U. S. participation in the Inter-American Development Bank. Subsequently passed, in lieu of H. R. 7072, S. 1928, a similar bill, after substituting the House-passed language for that in the Senate bill (pp. 13080-1, 13104-13). Rep. Madden stated that the bill "authorizes the President to accept membership on behalf of the United States in the Inter-American Development Bank; it also authorizes to be appropriated the full amount of the U. S. subscription of \$450 million," requires Congressional approval of increased subscription changes in the original agreement, and in general provides a base for economic development in Latin America (p. 13080).
13. DAIRY INDUSTRY. The Select Committee on Small Business submitted an interim report on the small business problem in the dairy industry (H. Rept. 714). p. 13125
14. PURCHASING. The Interstate and Foreign Commerce Committee reported with amendment H. R. 1341, to require passenger-carrying motor vehicles purchased for use by the Federal Government to meet certain safety standards (H. Rept. 715). p. 13125
15. FARM LOANS; BANKING. On July 21 the House Banking and Currency Committee reported without amendment H. R. 8159 (H. Rept. 694). The committee report describes certain provisions of the bill as follows:

"H. R. 8159 is designed primarily to repeal various obsolete provisions of the national banking laws, to clarify and eliminate existing ambiguities, and to add new authority relating to" the operation of national banks.

"Section 24 repeals provisions of title II of the Agricultural Credits Act of 1923, authorizing the establishment of national agricultural credit corporations. Only three such corporations were formed under this act and the last one was liquidated in 1938. Under section 77 of the Banking Act of 1933 no national agricultural credit corporation may now be formed. Therefore, these provisions of law are obsolete."

16. FARM LOANS. As reported H. R. 7629 provides as follows: Permanently extends Sec. 17 of the Bankhead-Jones Farm Tenant Act (which expired June 30, 1959) which provides authority for making and insuring loans solely for the purpose of refinancing outstanding indebtedness of family-sized farmers who cannot meet their current debt terms and who are unable to refinance outstanding debt with other sources on rates and terms which they could reasonably be expected to fulfill, and amends Sec. 17 to allow the Farmers Home Administration to consider the value of all assets as well as all farm debts in determining a farmer's eligibility for the refinancing of such loans.
17. AREA REDEVELOPMENT. Rep. Kee expressed displeasure at the Rules Committee inaction on the amended version of S. 722, the area redevelopment bill and stated that "it is unthinkable ... that the House will adjourn without action on this vitally important legislation." pp. 13073-9
18. WATERSHEDS. Both Houses received from the Budget Bureau two letters relative to plans for works of improvement relating to the Boggs Creek watershed, Ind.; Gilbert Run watershed, Md.; Marsh Run watershed, Ohio; Martinez Creek watershed, Texas; (all to the Agriculture Committee), Flat Creek watershed, Ark.; Second Creek watershed, Miss., and the Tehuacan Creek watershed, Texas (last three to the Public Works Committee) pursuant to the Watershed Protection and Flood Prevention Act. pp. 13124, 13124-5, 13011
19. COMMITTEE EXPENDITURES. Pursuant to the Legislative Reorganization Act of 1946, the name, profession and salary of each person employed by, and expenditures of, House committees were inserted. pp. 13118-24
20. LEGISLATIVE PROGRAM. The "Daily Digest" states that today (July 28) the House will consider H. R. 8385, the mutual security appropriation bill for 1960. p. D669

BILLS INTRODUCED

21. WHEAT AGREEMENT. S. 2449, by Sen. Ellender (by request), and H. R. 8409, by Rep. Spence, to extend the International Wheat Agreement Act of 1949; to Senate Agriculture and Forestry Committee and House Banking and Currency Committee.
22. SURPLUS PROPERTY. H. R. 8398, by Rep. Monagan, to amend the Federal Property and Administrative Services Act of 1949 to permit the donation of foreign excess property to medical institutions, hospitals, clinics, health centers, schools, colleges, and universities; to Government Operations Committee.
H. R. 8408, by Rep. Rivers, Alaska, to provide for the disposition of surplus personal property to the government of Alaska; to Government Operations Committee.
23. HOGS. H. R. 8394, by Rep. Hogan, to assure orderly marketing of an adequate supply of hogs and pork products; to encourage increased domestic consumption of pork and pork products; to maintain the productive capacity of the hog-farming industry; to avoid the feeding of hogs to less desirable weights; and

The motion was agreed to; and the Senate proceeded to consider the bill which had been reported from the Committee on Interstate and Foreign Commerce with amendments.

Mr. MANSFIELD. Mr. President, it is my understanding that on this measure a time limitation has been agreed to, namely, 30 minutes on each amendment and 3 hours on the bill.

The PRESIDING OFFICER. The Senator from Montana is correct.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I inform the Senate again that immediately following the conclusion of action on S. 107, the next order of business will be the equal-time amendment to the Communications Act of 1934, Calendar No. 560, S. 2424.

Mr. President—

The PRESIDING OFFICER. The Senator from Montana.

ADJOURNMENT TO 11 A.M.
TOMORROW

Mr. MANSFIELD. Mr. President, under the order previously entered, I move that the Senate adjourn until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 6 o'clock and 54 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Tuesday, July 28, 1959, at 11 o'clock a.m.

House of Representatives

MONDAY, JULY 27, 1959

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Hebrews 13: 6: *That we may boldly say, the Lord is my helper, and I will not fear what man shall do unto me.*

Almighty God, our gracious Benefactor and Father of all mercies, may we daily appreciate Thy goodness more fully and discern Thy beneficent purposes more clearly.

Gird us with faith and fortitude for the events and experiences of each new day for we know not what a day may bring forth and may Thy peace be our strength and song as we commit ourselves gladly to the dispensation of Thy divine providence.

Grant that with hearts of love and minds of good will we may enter sympathetically, helpfully into the life of needy humanity, sharing with others the blessings which bring us health and happiness.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, July 23, 1959, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 306. An act to amend the Federal Crop Insurance Act;

H.R. 1219. An act to amend section 2038 of the Internal Revenue Code of 1954 (relating to revocable transfers);

H.R. 1631. An act for the relief of Joseph B. Kane, Jr.;

H.R. 2594. An act for the relief of certain claimants against the United States who suffered personal injuries, property damage, or other loss as a result of the explosion of a munitions truck between Smithfield and Selma, N.C., on March 7, 1942;

H.R. 2846. An act for the relief of Dorman William Whitton;

H.R. 3088. An act to amend sections 353 and 354 of the Immigration and Nationality Act;

H. R. 3117. An act for the relief of Albert J. Hicks;

H.R. 3249. An act for the relief of William S. Scott;

H.R. 4060. An act to eliminate all responsibility of the Government for fixing dates on which the period of limitation for filing suits against Miller Act payments bonds commences to run;

H. R. 4524. An act extending the time in which the Boston National Historic Sites Commission shall complete its work;

H.R. 4538. An act authorizing El Paso County, Tex., to construct, maintain, and operate a bridge across the Rio Grande at or near the city of El Paso, Tex.;

H.R. 5927. An act to authorize the conveyance to the city of Warner Robins, Ga., of about 29 acres of land comprising a part of Robins Air Force Base;

H.R. 6955. An act for the relief of Salile B. Dickens; and

H.R. 7631. An act to amend the act of July 3, 1956 (70 Stat. 492), entitled "An act to authorize the Secretary of the Interior to cooperate with Federal and non-Federal agencies in the prevention of waterfowl depredations, and for other purposes."

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills and a joint resolution of the House of the following titles:

H.R. 137. An act to allow a deduction, for Federal estate tax purposes, in the case of certain transfers to charities which are subjected to foreign death taxes;

H.R. 213. An act to provide additional time within which certain State agreements under section 218 of the Social Security Act may be modified to secure coverage for non-professional school district employees;

H.R. 697. An act to authorize the Secretary of the Navy to acquire certain real property in the county of Solano, Calif., to transfer certain real property to the county of Solano, Calif., and for other purposes;

H.R. 2909. An act relating to the maintenance and travel expenses of judges;

H.R. 4340. An act to amend sections 43 and 34 of the Bankruptcy Act (11 U.S.C. 71, 62) to simplify the filling of referee vacancies;

H.R. 6714. An act for the relief of Abraham Fye;

H.R. 6717. An act for the relief of Robert N. Anthony; and

H.J. Res. 354. Joint resolution for the relief of certain aliens.

The message also announced that the Senate had passed bills, joint resolutions, and concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. 36. An act for the relief of Page A. Wilson;

S. 281. An act to authorize the Secretary of the Interior to construct, operate, and maintain a regulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho, and for other purposes;

S. 464. An act for the relief of Julia Mydlak;

S. 669. An act to authorize the Secretary of Agriculture to convey certain lands to the Bethel Baptist Church of Henderson, Tenn.;

S. 906. An act to amend section 1622 of title 38 of the United States Code in order to clarify the meaning of the term "change of program of education or training" as used in such section;

S. 1038. An act for the relief of Wong Gar Wah;

S. 1049. An act for the relief of Rachel Borenstein;

S. 1110. An act to amend the act of August 4, 1955 (Public Law 237, 84th Cong.), to provide for conveyance of certain interests in the lands covered by such act;

S. 1392. An act for the relief of Isabel M. Menz;

S. 1436. An act to amend section 1 of the act of June 14, 1926, as amended by the act of June 4, 1954 (68 Stat. 173; 43 U.S.C. 869);

S. 1453. An act to authorize the Secretary of Agriculture to sell and convey certain lands in the State of Iowa to the city of Keosauqua;

S. 1627. An act for the relief of Mrs. Paula Deml;

S. 1650. An act for the relief of Edmund A. Hannay;

S. 1694. An act to extend the existing authority to provide hospital and medical care for veterans who are United States citizens temporarily residing abroad to include those with peacetime service-incurred disabilities;

S. 1945. An act for the relief of Josef Jan Loukotka;

S. 2153. An act to authorize the Coast Guard to accept, operate, and maintain a certain defense housing facility at Yorktown, Va., and for other purposes;

S. 2208. An act to provide that Alaska and Hawaii be eligible for participation in the distribution of discretionary funds under section 6(b) of the Federal Airport Act;

S. 2220. An act to strengthen the Commissioned Corps of the Public Health Service through revision and extension of some of the provisions relating to retirement, appointment of personnel, and other related personnel matters, and for other purposes;

S. 2334. An act to transfer from the Department of Commerce to the Department of Labor certain functions in respect of insurance benefits and disability payments to seamen for World War II service-connected injuries, death, or disability, and for other purposes;

S. J. Res. 24. Joint resolution authorizing the Secretary of the Army to receive for instruction at the U.S. Military Academy at West Point two citizens and subjects of the Kingdom of Thailand;

S. J. Res. 106. Joint resolution authorizing the Secretary of the Navy to receive for instruction at the U.S. Naval Academy at Annapolis two citizens and subjects of the Kingdom of Belgium;

S. Con. Res. 46. Concurrent resolution authorizing the printing of additional copies of the joint committee print entitled "Federal Tax Policy for Economic Growth and Stability"; and

S. Con. Res. 47. Concurrent resolution authorizing the printing of additional copies of the hearings on automation and technological change.

AREA REDEVELOPMENT LEGISLATION

(Mrs. KEE asked and was given permission to address the House for 1 minute.)

Mrs. KEE. Mr. Speaker, area redevelopment legislation has been pending before the House since May 14. On that date, an amended version of S. 722 was sent to the House Rules Committee.

As of this date, no further action has been taken on this measure which is of such vital importance to West Virginia and other States suffering from chronic and substantial unemployment.

It is unthinkable, Mr. Speaker, that the House will adjourn without acting on this vitally important legislation. The unpleasant economic facts which make area redevelopment legislation so urgently needed will not go away if we simply ignore them. They will remain with us to haunt the country in the future.

West Virginia and other States suffering from pockets of unemployment are not asking for a Federal handout. Rather, we are asking the Federal Government to authorize a program under which the efforts of local, State, and Federal Governments can be coordinated on a concentrated effort to help these areas regain economic stability.

Recently, Mr. Speaker, Miss Sylvia Porter, one of the Nation's finest economic writers, called attention to the great number of people who have been out of work for 3 months and to the large number who have been out of work for 6 months.

She wrote in her outstanding column:

This legislation [area redevelopment] still remains bottled up in the House and maybe that is where it will end. But if Congress doesn't act, the problem won't go away. Instead, it will be worse when the next recession comes. The hard core will be harder and thicker. The solutions will be tougher and will take much longer.

LABOR LEGISLATION

(Mr. MUMMA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MUMMA. Mr. Speaker, I was at home in my congressional district, as customary, over the weekend. I attended the usual functions to which a Congressman is invited, and I was surprised by the expression of interest on the part of the people attending these affairs and, also, the number of telephone calls I received. This morning, when I came to Washington, I found a stack of letters on my desk; there must have been 150. These letters called my attention to a television program last week, the Jack Paar Show. I was not aware that such a large number of people stayed up so late at night. The purpose of all these personal conversations, telephone calls and letters was the demand for a strong labor bill. I think Congress should take advantage of this opportunity to try and pass a good labor bill.

It was further surprising to me the varying background of those who contacted me. The group includes pastors, their wives, attorneys, engineers, workmen, and also a lot of just good citizens. A couple of letters were misssent to my office and were intended for other Members of the House. Upon inquiry, we find this mail on the labor situation is pretty much the same in most offices and nothing has stirred up more spontaneous reaction in a long time. The bill that the House of Representatives will consider contains very little of the original Kennedy-Ervin bill inasmuch as there have been 103 amendments by the House committee of which, I understand, only 5 might strengthen the bill, while there are 98 others that

water it down further. To my mind, about the only strength the Kennedy-Ervin bill had was the original McClellan "bill of rights" which before leaving the Senate was watered down.

The people in my district want a strong labor bill, and I am writing them that I, too, want such a bill and agree with their views.

ADDITIONAL ALLOWANCE FOR STATIONERY

Mr. FRIEDEL. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged resolution, House Resolution 314, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That, until otherwise provided by law, there shall be paid out of the contingent fund of the House of Representatives an additional allowance of \$600 per regular session for stationery for each Member of the House of Representatives, Delegate, and Resident Commissioner.

Sec. 2. The first section of this resolution shall take effect January 7, 1959.

The SPEAKER. The question is on the resolution.

The resolution was agreed to, and a motion to reconsider was laid on the table.

OMNIBUS AMENDMENTS TO THE RESERVE OFFICERS PERSONNEL ACT OF 1954

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 324, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8186) to amend titles 10 and 14, United States Code, with respect to reserve commissioned officers of the Armed Forces. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Idaho [Mr. BUDGE], and pending that I yield myself such time as I may consume.

Mr. Speaker, this resolution unanimously reported by the Committee on Rules makes in order the consideration of a very complicated, technical bill, amending the Reserve Officers Personnel Act. The bill H.R. 8186, was reported unanimously by the Committee on Armed Services.

Mr. Speaker, I reserve the balance of my time.

Mr. BUDGE. Mr. Speaker, a revision of the statutes with reference to Reserve officers is long overdue. I know of no opposition to the bill on this side.

Mr. BOLLING. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

IMPROVING ACTIVE DUTY PROMOTION OPPORTUNITY FOR CERTAIN AIR FORCE OFFICERS

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 325 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8189) to improve the active duty promotion opportunity of Air Force officers from the grade of captain to the grade of major. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. TRIMBLE. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Idaho [Mr. BUDGE] and at this time I yield myself such time as I may require.

Mr. Speaker, House Resolution 325 makes in order the consideration of H.R. 8189, improving active duty promotion opportunity for certain Air Force officers. The resolution provides for an open rule and 1 hour of general debate.

The purpose of the proposed legislation is to authorize the Air Force to exceed the total number of majors serving on active duty by the end of fiscal year 1961 by 3,000 over and above that number authorized by the Officer Grade Limitation Act. If enacted, this legislation will permit Reserve captains now serving on active duty to be promoted to the grade of major for pay purposes. Without the proposed legislation, these officers will continue on active duty in the grade of captain, and relatively few will have an opportunity to attain the grade of major. By June 30, 1961, there will be 6,400 Reserve captains serving an active duty in the Air Force, all of whom will have completed 14 or more years of active duty.

Under existing law, Regular officers must be promoted to the grade of major upon the completion of 14 years of promotion list service. The Officer Grade Limitation Act limits the total number of officers who may serve in the grade of major by fiscal year 1961 to 23,146. This is based upon a total officer strength of approximately 126,000 officers. At the

present time there are 22,800 majors serving on active duty, 35 percent of whom are Regulars and 65 percent of whom are Reserve officers.

The Officer Grade Limitation Act permits the Air Force at this time to have approximately 23,000 officers on active duty serving in the grade of major. This limitation precludes the promotion of many Reserve captains who have demonstrated their ability to serve on active duty in the grade of major in several ways. All of them have been promoted to the grade of major under the Reserve Officer Personnel Act and, therefore, have been subjected to a selection system for a permanent Reserve promotion. In addition to having been selected to the Reserve grade of major, they have been retained on active duty in the Air Force. The Air Force states that their continuation on active duty is necessary and fully justified. These officers, for the most part, fulfill assignments of great importance to the Air Force. Many of them are pilots in the Military Air Transport Service and special air missions. The great number of them, however, are serving in the Strategic Air Command.

Simply equity requires favorable consideration of legislation which will permit these Reserve officers to have approximately the same opportunity for promotion to the grade of major as their counterparts have in the Regular service.

This same problem does not exist in the Army or the Navy.

The proposed legislation is temporary legislation since an overall study of the Officer Grade Limitation Act will be conducted by the Department of Defense prior to June 30, 1961. It will not accelerate promotion in any other grade nor will it increase the total number of officers on active duty.

It should be noted that this legislation will not increase retirement costs in any manner since all of the Reserve officers who will be promoted to the grade of major now hold the grade of major as Reserve officers and upon the completion of 20 years of active duty will qualify for retirement pay in this grade, unless promoted to a higher grade. With the enactment of this legislation, approximately 5,000 Reserve captains who have 14 or more years of active service may be promoted to the grade of major.

There will be no new cost in fiscal 1960 since the estimated cost of \$852,000 will be absorbed in the present Air Force budget. The estimated fiscal 1961 cost is \$2,130,000.

The proposed legislation is unanimously recommended by the Committee on Armed Services. I urge the adoption of this resolution.

(Mr. TRIMBLE asked and was given permission to revise and extend his remarks.)

Mr. BUDGE. Mr. Speaker, I understand this is temporary legislation to take care of a problem in the Air Force for 1 fiscal year only. I know of no opposition to adoption of the rule.

Mr. TRIMBLE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

REGULATION OF SAVINGS AND LOAN HOLDING COMPANIES

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 323 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7244) to promote and preserve local management of savings and loan associations by protecting them against encroachment by holding companies. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. MADDEN. Mr. Speaker, House Resolution 323 makes in order the consideration of H.R. 7244, pertaining to the regulation of savings and loan holding companies. The resolution provides for an open rule and 1 hour of debate.

H.R. 7244 would prohibit any holding company from acquiring control of two or more savings and loan associations if the savings accounts in the associations are insured by the Federal Savings and Loan Insurance Corporation. It also denies Federal Savings and Loan Insurance Corporation insurance to any uninsured savings and loan association if it is controlled by a holding company which also controls an insured savings and loan association. Finally, the bill as reported prohibits any insured savings and loan association controlled by a holding company from making any loan to the holding company or any of its subsidiaries.

The bill does not have any retroactive effect. That is, it would not require an existing holding company to divest itself of an insured association it now controls. But the company could not acquire control of any additional insured association.

Two years ago there were only two principal holding companies owning two or more associations. Today there are more than a dozen savings and loan holding companies in existence or definitely projected, and their operations extend to six States. In view of the rapid growth of these savings and loan holding companies, it is apparent that prompt action is needed if we are to preserve the traditional pattern of independent, locally managed savings and loan associations.

This bill was unanimously agreed to by the House Banking and Currency Committee.

I urge the adoption of this resolution.

Mr. Speaker, I yield 30 minutes to the gentleman from Idaho [Mr. BUDGE].

Mr. BUDGE. Mr. Speaker, I think this legislation is very timely. I know of no objection to the adoption of the rule and I yield back the balance of my time.

Mr. MADDEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

INTER-AMERICAN DEVELOPMENT BANK

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 322 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7072) to provide for the participation of the United States in the Inter-American Development Bank. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. MADDEN. Mr. Speaker, House Resolution 322 makes in order the consideration of H.R. 7072, providing for the participation of the United States in the Inter-American Development Bank. The resolution provides for an open rule and 2 hours of general debate.

This bill authorizes the President to accept membership on behalf of the United States in the Inter-American Development Bank; it also authorizes to be appropriated the full amount of the U.S. subscription of \$450 million. It contains several provisions of law necessary to make our membership effective, including provisions relating to the marketing of the Bank's securities in the United States, and it provides for the coordination of the activities of U.S. representatives to the Inter-American Development Bank by the National Advisory Council on International Monetary and Financial Problems. The bill requires the approval of Congress for certain actions on behalf of the United States with respect to the Inter-American Development Bank, including voting an increase in capital or subscribing to additional stock, and accepting any amendment to the Bank agreement.

The Inter-American Development Bank is designed to expand the economic growth of Latin America. It will make loans for projects in these countries to supplement other sources of credit. It will also assist these countries in formulating development programs and in engineering and organizing projects. Its technical assistance will help these coun-

shipping containers for raw agricultural commodities be labeled to indicate by name or function the presence of any pesticide chemical that had been applied after harvest. p. 8436

12. LANDS. Passed as reported H. R. 9818, to provide for the conveyance of certain real property of the U. S. to the State of Florida. p. 8437

13. MINERALS. Passed without amendment H. R. 3740, to provide for the leasing of oil and gas interests in certain lands owned by the U. S. in the State of Texas. p. 8437

The Subcommittee on Mines and Mining of the Interior and Insular Affairs Committee voted to report H. R. 8860, to stabilize the mining of lead and zinc by small domestic producers on public, Indian and other lands. (p. D363) This Subcommittee also considered but passed over H. R. 4876 and a similar bill H. R. 3965, to amend section 30 (a) of the Mineral Leasing Act of Feb. 25, 1920, to prevent the undesirable division of oil and gas leaseholds, and H. R. 982, to amend the act of Dec. 22, 1928, relating to the issuance of patents to tracts of public land held under color of title, to provide that patents may be issued under such Act without reservation of minerals. p. D363

14. WATER RESOURCES. Passed with amendment S. 1605 in lieu of H. R. 10513, granting the consent of Congress to the States of Kansas and Nebraska to negotiate and enter into a compact relating to the apportionment of the waters of the Big Blue River and its tributaries as they affect such States. pp. 8442-4

15. FARM LOANS. The Agriculture Committee reported with amendment H. R. 11761, to simplify, consolidate, and improve the authority of the Secretary of Agriculture with respect to loans to farmers and ranchers (H. Rept. 1569). p. 8503

16. HAWAII. The Interior and Insular Affairs Committee reported without amendment H. R. 11602, to amend certain laws of the U. S. in light of the admission of the State of Hawaii into the Union (H. Rept. 1564). p. 8503

17. DEPRESSED AREAS. Rep. Widnall inserted "an up-to-date tabulation of industrial areas which presently would be eligible for Federal assistance under the criteria of the depressed areas bill (S. 722) as reported by the committee." pp. 8469-71

Several Representatives discussed and urged support for S. 722, the area redevelopment bill which contains provisions for rural development areas. pp. 8479-92

18. PERSONNEL. Rep. Dingell urged support for his bill H. R. 11590, to raise the pay of postal and classified Federal employees. p. 8471

19. FARM PROGRAM; INTEREST RATES. Rep. Patman commended and discussed a speech made by former President Truman criticizing the administration's farm program and interest rate policy. pp. 8474-6

20. DEFENSE PRODUCTION. Received from OCDM a proposed bill to extend the Defense Production Act of 1960; to Banking and Currency Committee. p. 8503

ITEMS IN APPENDIX

21. WATERSHED. Extension of remarks of Rep. Trimble inserting an article, "Arkansas Watershed Project Wins National Award." pp. A3695-7

22. FOREIGN TRADE. Extension of remarks of Sen. Wiley stating that "for the economic health of farms, business, industry, labor, and others, as well as the Nation itself -- now experiencing a decline in exports -- however, a realistic effort must be made to expand exports," and inserting an article on this subject. pp. A3697-8
23. MILK SANITATION. Extension of remarks of Rep. Marshall commending the House Interstate and Foreign Commerce Committee for holding hearings on the proposed National Milk Sanitation Act and inserting an article, "Milk Fight Advances." p. A3702
24. GRAZING FEES. Extension of remarks of Rep. Aspinall inserting extracts from a report of the Comptroller General and portions of an exchange of correspondence from "which there has been generated an interdepartmental study of inconsistencies in grazing fees on Federal lands." p. A3703
25. FARM LABOR. Extension of remarks of Rep. Gubser expressing his belief that the importation of foreign labor does not take jobs away from our own people and stating that each week a local paper prints a news story "which clearly shows that this argument is false." p. A3716
26. TOBACCO. Rep. Lankford inserted an article describing the "value of tobacco as a morale booster to fighting men and civilian workers alike." p. A3731
27. FARM INCOME. Extension of remarks of Rep. Coad discussing ads which have appeared in certain newspapers comparing the average gross farm family income with the average net family income and inserting an editorial which "clarified the impact of the headlines in this ad upon the casual reader by explaining the reason for the comparison of gross and net incomes." pp. A3733-4

BILLS INTRODUCED

28. FARM PROGRAM. S. 3464, by Sen. Young, N. Dak., to provide equitable treatment for partnerships in the application of any limitations on any farm program; to Agriculture and Forestry Committee.
- H. R. 12000, by Rep. Andersen, Minn., and H. R. 12001, by Rep. Jensen, to authorize a program of balanced agricultural production, to assure producers a fair economic return and consumers an adequate supply of commodities at fair prices, to conserve soil, water, and wildlife resources; to Agriculture Committee. Remarks of Rep. Andersen. pp. 8497-9
- H. R. 12005, by Rep. Flynn, to balance domestic supplies of, and domestic demand for, agricultural commodities, and to prevent the loss of soil, farm labor, and farm capital resources, by providing for the withdrawal of up to 80 million acres from agricultural production; to Agriculture Committee.
- H. R. 12006, by Rep. Flynn, to reduce domestic supplies of agricultural commodities and to make land available of educational, rehabilitational, health or recreational purposes by withdrawal by purchase of agricultural land; to Agriculture Committee.
- H. R. 12013, by Rep. Gubser, to provide for the termination of programs of price support for agricultural commodities by December 31, 1965; to Agriculture Committee.
29. ROADS. H. R. 11999, by Rep. Albert, H. R. 12002, by Rep. Belcher, H. R. 12012, by Rep. Edmondson, H. R. 12015, by Rep. Morris, Okla., and H. R. 12016, by Rep. Steed, to amend title 23 of the United States Code, relating to highways with respect to certain projects constructed on the Federal-aid system by Federal agencies; to Public Works Committee.

of exile had been touched by a dictator's brutality in Venezuela, Peru, Argentina, Colombia, Brazil, Cuba.

SANCTIONS BACKED

As the delegates concluded the conference in this combined industrial center and vacation resort, President Betancourt of Venezuela urged in a letter to President Lleras Camargo of Colombia to form a solid front in requesting the Organization of American States to take up the question of the Dominican Republic's part in Gen. Castro León's abortive rebellion against the Venezuelan Government at San Cristóbal last week. It appeared here that Venezuela would have ample evidence to prove the Dominican Republic's involvement.

The conference also approved resolutions favoring:

Diplomatic and economic sanctions against remaining dictatorships.

Strengthening of OAS to deal with dictators.

Recognition as a just desire the aspiration of less-developed countries to acquire gradually and by legitimate means property of such foreign firms as they may wish to own locally.

Stockpile stabilization of the international market of raw materials.

Support for Panama's desire for sovereignty over the Canal Zone.

Condemnation of colonialism in the remaining British Dutch, French, Caribbean countries.

A convention to allow suing of dictators outside their country.

The conference was remarkable also for what it was disinclined to state formally either on the issues of Cuba or communism.

CONDEMNATION WITHHELD

Ironically, while the government of President Betancourt, an honorary president of the Inter-American Congress, sought to maintain order in nearby Caracas as leftists

and Communists rioted sporadically over several days in the streets, the majority of Latin Americans at the conference consciously refrained from condemning the Communists. This reluctance to allow even use of the term communism in any conference resolution—which reluctance President Betancourt does not share since as he has charged publicly the Communists are trying to undermine his government—harks back to the days when now overthrown dictators used communism as an issue against anyone they wished to dispose of.

Such use of communism as an issue seems like international McCarthyism to many Latin Americans even though they often realize Communists are in their midst.

CUBA STAND AVOIDED

The conference ended without any declaration of a stand on the Cuban issue, partly out of deference to the host country of Venezuela where President Betancourt has an internal political problem.

The President is believed to have something less than warm sympathy for the drastic methods of the Castro government, though the left wing of his Acción Democrática party is pressing him hard to show more public ardor for the Cuban revolution.

Even as the conference was in session, the Cuban radio ranted with violent criticism of President Betancourt who, in an opening conference speech, urged condemnation of dictators and questioned countries not allowing free elections.

When liberal scholar President Lleras Camargo of Colombia in the United States recently said the same, the Cuban radio villified Senor Lleras for 3 hours, raising the question as to whether he is a real champion of the Americas as President Eisenhower had suggested.

Another serious conference issue was precipitated when Paul Hays, an American

delegate, resigned from the U.S. Committee of the Inter-American Association for Democracy and Freedom. Mr. Hays is Nash professor of law at Colombia University and lecturer on labor law.

He had been warned by AFL-CIO labor leaders in the States not to attend this conference because it was their impression—whether correct or not—that the invitation to the conference implied that one would not bring up Communist issues.

After noting the apparently conscious reluctance of Latin American delegates to discuss the issue, Mr. Hays issued his resignation to bring attention to this reluctance.

THE DEPRESSED AREAS BILL

(Mr. WIDNALL asked and was given permission to extend his remarks at this point in the RECORD and include extraneous material and a table.)

Mr. WIDNALL. Mr. Speaker, recently at the request of some of the Republican members of the Banking and Currency Committee, the Department of Labor prepared an up-to-date tabulation of industrial areas which presently would be eligible for Federal assistance under the criteria of the depressed areas bill as reported by the committee. This is the tabulation which shows that now New York City and Philadelphia would be classed as depressed areas. Under the terms of the bill it would be mandatory that the administrator so designate them. Mr. Speaker, in order that all Members may have the benefit of the information contained in this latest tabulation from the Labor Department, I include it at this point in the RECORD:

Tentative list of areas that may qualify for Federal assistance as areas with substantial and persistent unemployment under various legislative proposals, March 1960¹

MAJOR AREAS²

Administration (Kilburn) bill, H.R. 4278	Spence bill (S. 722 as reported by House committee)	Douglas bill (S. 722 as passed by Senate)	Administration (Kilburn) bill, H.R. 4278	Spence bill (S. 722 as reported by House committee)	Douglas bill (S. 722 as passed by Senate)
(16 major areas)	(44 major areas)	(19 major areas)	(16 major areas)	(44 major areas)	(19 major areas)
Alabama:	Alabama:	Alabama:	New York:	New York:	New York:
Connecticut:	Birmingham.	Connecticut:	Albany-Schenectady-Troy.	Albany-Schenectady-Troy.	Albany-Schenectady-Troy.
Indiana:	Bridgeport.	Indiana:	Buffalo.	Buffalo.	Buffalo.
Evansville.	New Britain.	Evansville.	New York City.	New York City.	New York City.
Terre Haute.	Evansville.	Terra Haute.	Utica Rome.	Utica Rome.	Utica Rome.
Kentucky:	Terre Haute.	Kentucky:	Durham.	Durham.	Durham.
Louisville.	Louisville.	Louisville.	Ohio:	Ohio:	Ohio:
Maine:	Portland.	Maine:	Steubenville-Weirton.	Steubenville-Weirton.	Steubenville-Weirton.
Massachusetts:	Massachusetts:	Massachusetts:	Pennsylvania:	Pennsylvania:	Pennsylvania:
Fall River.	Brockton.	Fall River.	Altoona.	Altoona.	Altoona.
Lawrence.	Fall River.	Lawrence.	Erie.	Erie.	Erie.
Lowell.	Lawrence.	Lowell.	Johnstown.	Johnstown.	Johnstown.
New Bedford.	Lowell.	New Bedford.	Philadelphia.	Philadelphia.	Philadelphia.
Worcester.	New Bedford.	Worcester.	Pittsburgh.	Pittsburgh.	Pittsburgh.
Michigan:	Springfield-Holyoke.	Michigan:	Scranton.	Scranton.	Scranton.
Detroit.	Worcester.	Detroit.	Wilkes-Barre-Hazleton.	Wilkes-Barre-Hazleton.	Wilkes-Barre-Hazleton.
Flint.	Flint.	Flint.	Yonkers.	Yonkers.	Yonkers.
Muskegon-Muskegon Heights.	Muskegon-Muskegon Heights.	Muskegon-Muskegon Heights.	Rhode Island:	Rhode Island:	Rhode Island:
Minnesota:	Duluth-Superior.	Minnesota:	Providence.	Providence.	Providence.
New Jersey:	Atlantic City.	New Jersey:	Tennessee:	Tennessee:	Tennessee:
Atlantic City.	Newark.	Atlantic City.	Chattanooga.	Chattanooga.	Chattanooga.
Paterson.	Paterson.	Paterson.	Texas:	Texas:	Texas:
Trenton.	Trenton.	Trenton.	Beaumont-Port Arthur.	Beaumont-Port Arthur.	Beaumont-Port Arthur.
			Corpus Christi.	Corpus Christi.	Corpus Christi.
			Virginia:	Virginia:	Virginia:
			Roanoke.	Roanoke.	Roanoke.
			West Virginia:	West Virginia:	West Virginia:
			Charleston.	Charleston.	Charleston.
			Huntington-Ashland.	Huntington-Ashland.	Huntington-Ashland.
			Wheeling.	Wheeling.	Wheeling.

Footnotes at end of table.

Tentative list of areas that may qualify for Federal assistance as areas with substantial and persistent unemployment under various legislative proposals, March 1960¹—Continued

SMALLER AREAS²

Administration (Kilburn) bill, H.R. 4278	Spence bill (S. 722 as reported by House committee)	Douglas bill (S. 722 as passed by Senate)	Administration (Kilburn) bill, H.R. 4278	Spence bill (S. 722 as reported by House committee)	Douglas bill (S. 722 as passed by Senate)
(49 smaller areas)	(148 smaller areas)	(61 smaller areas)	(49 smaller areas)	(148 smaller areas)	(61 smaller areas)
West Virginia: Beckley. Bluefield. ----- Fairmont. Logan. ----- Morgantown. -----	West Virginia: Beckley. Bluefield. Clarksburg. Fairmont. Logan. Martinsburg. Morgantown. Parkersburg.	West Virginia: Beckley. Bluefield. Clarksburg. Fairmont. Logan. ----- Morgantown. -----	West Virginia—Continued Point Pleasant-Gallipolis. Roncove-White Sulphur Springs. Welch. Wisconsin: -----	West Virginia—Continued Point Pleasant-Gallipolis. Roncove-White Sulphur Springs. Welch. Wisconsin: Beloit. La Crosse.	West Virginia—Continued Point Pleasant-Gallipolis. Roncove-White Sulphur Springs. Welch. Wisconsin: -----

¹ This listing is preliminary and tentative, and is based largely on bimonthly or semiannual data compiled from area labor market reports prepared in connection with the Bureau of Employment Security's program for the classification of areas according to relative adequacy of labor supply. Data used cover a 2-to-5 year period, generally extending through January 1960. Later data, now becoming available for some areas, could result in several changes in the above listing. A more comprehensive review of area data on a monthly—rather than bimonthly or semiannual—basis, and in the light of whatever criteria may be included in the bill finally enacted, would be required to determine which areas are eligible for assistance as areas with substantial and persistent unemployment.

² Major areas are areas included in the Bureau of Employment Security's regular area labor market reporting and classification program. This program covers 149 of the country's leading employment centers. Unemployment and labor force data for these areas are generally available on bimonthly basis.

³ Borderline.

⁴ Smaller areas: Areas with a labor force of 15,000 or more which are officially classified as "smaller areas of substantial labor surplus" by the Bureau of Employment Security. Data for such areas are generally available on a semiannual basis. Information for smaller areas which are not classified, or for areas with a labor force of less than 15,000, is not available in Washington on a consistent basis.

ATTACHMENT TO MARCH 1960 TENTATIVE LIST OF ELIGIBLE AREAS UNDER PROPOSED AREA ASSISTANCE LEGISLATION

SUMMARY OF ELIGIBILITY CRITERIA USED

The administration (Kilburn) bill (H.R. 4278):
1. Unemployment is now 6 percent or more of the labor force, discounting seasonal or temporary factors.
2. The annual average unemployment rate in the area has been—

- (a) At least 50 percent above the national average for 4 of the preceding 5 calendar years.
- (b) At least 75 percent above the national average for 3 of the preceding 4 calendar years.
- (c) At least 100 percent above the national average for 2 of the preceding 3 calendar years.

The Douglas bill (S. 722) as passed by the Senate:
1. Unemployment is now 6 percent or more of the labor force, discounting seasonal or temporary factors.
2. The annual average unemployment rate in the area has been—

- (a) At least 50 percent above the national average for 3 of the preceding 4 calendar years.
- (b) At least 75 percent above the national average for 2 of the preceding 3 calendar years.
- (c) At least 100 percent above the national average for 1 of the preceding 2 calendar years.

Spence bill (S. 722) as reported by House Banking and Currency Committee:

- 1. Unemployment in the area has been—
 - (a) At least 6 percent during 18 of the preceding 24 months.
 - (b) At least 9 percent during 15 of the preceding 18 months.
 - (c) At least 12 percent during the preceding 12 months.

Source: U.S. Department of Labor, Bureau of Employment Security, Office of Program Review and Analysis, Washington, D.C., March 31, 1960.

PAY RAISES FOR POSTAL AND CLASSIFIED FEDERAL EMPLOYEES

(Mr. DINGELL (at the request of Mr. TRIMBLE) was given permission to extend his remarks at this point in the RECORD and include extraneous matter.)

Mr. DINGELL. Mr. Speaker, a major "must" item of legislation before the 86th Congress is the enactment of a much needed wage increase for postal and classified Federal employees.

I have introduced an appropriate bill—H.R. 11591—which would accomplish this end.

We read daily in the newspapers about the gains made through collective bargaining by American workers. According to the best available information, the average collective bargaining agreement signed thus far in 1960 calls for more than an 8 cent an hour wage boost. Last year the increases were about the same and in 1957 they were larger. Even in the recession year of

1958, unions succeeded in getting increases for their members. It is commonly agreed by responsible observers that these wage increases helped to shorten the recession and prevented an even deeper setback than the economy suffered in this worst of postwar recessions.

But postal and classified Federal employees do not have the power to bargain collectively. We have denied them this right and consequently they have received only one wage increase in almost 5 years. They must petition Congress to give them equitable and fair treatment. I am sorry to say that we have not done right by them and the other Government employees. This is regrettable, not only because we have been less than fair with the devoted public servants, but the whole economy may suffer by this action.

An efficient postal service is essential for the operations of the economy. Similarly, the welfare of the economy and millions of people depend upon the contributions made by the other Federal employees. Our commerce and farming, for example, are highly dependent upon the services of the weatherman. The lawyers and economists in the Justice Department prevent monopoly from running rampant. And it is ironic that the clerk and statistician who compute the rising cost of living in the Department of Labor make it possible for millions of other workers to have their wages adjusted, while the salaries of the Government employees who prepare these data remain stagnant.

Common fairness and the needs of the economy require that we treat the postal worker and the other classified Federal employees squarely. It should be axiomatic that the Federal employee is entitled to share in the general rising productivity of American industry to which he contributes so significantly. But in past years we have allowed the wages of postal and classified Federal employees to deteriorate. The record will also indicate that we are not treating all Federal employees alike. Blue-collar workers whose wages are adjusted

at least every year on the basis of increases paid to employees in private industry have received about twice the increases paid other Federal employees during the past decade. In the last 6 years the President has vetoed three wage increases voted for postal employees, and two wage increases for classified Federal employees.

The latest statistics on unemployment are disturbing. The coming of spring has not arrested creeping unemployment. Soft spots are developing in the economy. The accumulated inventory of cars is the highest in history. The best way by which we can strengthen the economy and gain real prosperity is by bolstering the purchasing power of the American consumers. An increase to postal and classified Federal employees would, therefore, serve not only the interests of justice but is also essential for a prosperous and growing economy.

I cannot urge too strongly the enactment of this legislation.

COLLECTIVE BARGAINING

(Mr. WOLF asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WOLF. Mr. Speaker, there are few subjects which have received more thoughtful attention in recent years than the cost of health care for average families, and the future of collective bargaining between our great corporations and our big labor unions. Both these subjects, as we all realize, have been given thoughtful and sometimes heated attention by Members of this House as well as by the American people as a whole. That attention has been directed so steadily at these subjects, because they go so directly to the heart of America's well-being. At a time when we are being challenged by totalitarian forces throughout the world, we have been concerned as a nation with the well-being of our own domestic institutions. I suppose that at various times, we have all asked ourselves: Is the collective bargaining process efficient and fast-moving

enough to meet the complex problems of our modern economic society? Can we, without resorting to some undesirable form of socialized medicine, find the way to provide proper medical care for our people?

It is because so many thoughtful people have been asking this sort of question that I was particularly pleased to read in the newspapers only a few days ago about the new contract negotiated by the Communication Workers of America, an affiliate of the AFL-CIO, with the Northwestern Bell Telephone Co., a subsidiary of American Telephone & Telegraph Co.

This new collective bargaining agreement, reached without any threat of work stoppage or lockout, demonstrates to me the great vitality and flexibility of the collective bargaining process in America. We hear so much about the occasional breakdowns of collective bargaining—we hear so much about the threat to strike, or to close down operations—we hear so much about the advantages and disadvantages of government intervention in industrial disputes—that I for one find it particularly encouraging when responsible leaders of labor and management find it possible, without undue fuss or feathers, to write a new collective bargaining agreement covering many thousands of workers and their families.

So, Mr. Speaker, I want to call attention to this contract as a symbol of the way that democratic collective bargaining is supposed to work in this country, and to remind my listeners that this CWA-Bell Telephone agreement is far closer to the ordinary pattern than the more widely publicized strike or lockout. If CWA and the telephone company had not reached agreement before the old contract expired, we would today be reading about it in the press, and hearing it on radio, and seeing it on television. Millions of Americans and millions of people in other lands would be much more acquainted with the facts, if there were no agreement and a strike had resulted. Let us, I suggest, pay proper attention to the beneficial ways in which our economic and social system works; for then we can get a more understanding impression of our real strengths.

Mr. Joseph Beirne, the president of the Communications Workers, was quite correct when, in a press statement, he interpreted the new agreement between the union and Bell as a form of answer to the Communists, who leave no stone unturned, and no radio wave unmolested, in their efforts to blacken the reputation of democratic America before the rest of the world. This telephone contract, reached on April 30, at Ohama, is indeed a signal answer to this Communist propaganda, for it demonstrates with clarity that free management and free labor can indeed work together for the common welfare. That is what Lenin, the father of the Russian Revolution, used to call a "stubborn fact," and the Russian Communist propagandists would be ill-advised to overlook this stubborn fact. It is one of the measures of our basic strength. Indeed, I suspect that when

Premier Khrushchev goes around making his Baron Munchausen type of prediction that our grandchildren will be living in a Communist system here in America, he is overlooking or ignoring the type of stubborn fact about constructive labor-management relations symbolized by this CWA contract with Bell.

There is another aspect of this collective bargaining agreement which I believe deserves thoughtful attention. I refer to the provisions providing for substantial major medical insurance not only for active employees of the Bell System and their families, but also for retired employees and their families.

First, I should like to point out to those enemies of collective bargaining who interpret it as merely a collusive arrangement between power blocs, that this agreement provides tremendous benefits for retired workers. Now remember, first of all, that there was no compulsion to care for this group of people; they are no longer active in the union; they don't pay dues to the union; they have little or no influence on the day-to-day activities and policies of the union. Nevertheless the union and the company recognized their mutual responsibility to this important group of senior citizens now enjoying the reward for their years of service.

At every age, the American wage earner today is haunted by the threat of costly, indeed staggeringly costly, expense of medical care in cases of long, drawn out, or catastrophic types of illness or disability. When illness lasting months or years strikes the average family, financial reserves—even in the thriftiest family—can be quickly exhausted. Among pensioners, where income is apt to be reduced and the danger of illness or disability greater than average, that burden can be a ghastly thing.

So, when a union and a company employing thousands of Americans, make provision in their collective bargaining agreement for protection against this type of family catastrophe, I say they deserve the support and the plaudits of every responsible group in the national community. This is collective bargaining at its best. This is collective bargaining designed to protect the individual, designed to provide him with self-reliance and self-help, designed to spare the community extra burdens which many cannot afford.

Obviously, collective bargaining arrangements of this sort do not take the place of legislative action. No enterprise is as large as our Government, no community as all encompassing at the Nation itself. The sort of health insurance provided in the CWA contract with Bell shows how much can be done through individual initiative coupled with group responsibility and imagination. Mr. Speaker, we need legislation to provide Americans, and particularly senior-age Americans, with decent health care under financial conditions which preserve family life and individual dignity. I say that the contract between the communication workers and the American Telephone & Telegraph Co. should spur us, in this great legislative body, to move more quickly, more determinedly to find

the proper, realistic solutions to this great problem that concerns so many of our citizens.

As we seek solutions that will be workable and beneficial, let us thank the two parties in these precedent-making collective bargaining conversations for meeting their responsibilities as good citizens, concerned not only with the welfare of partisan groups but with the greater interest of the entire community.

PROTESTANTS AND OTHER AMERICANS UNITED FOR SEPARATION OF CHURCH AND STATE

(Mr. PRICE asked and was given permission to extend his remarks at this point in the RECORD and include extraneous material.)

Mr. PRICE. Mr. Speaker, my attention has been called to an unfortunate reference in an article which I inserted in the RECORD on April 26, 1960, at page A3533, and to which, in my opinion justifiable exception has been taken by representatives of Protestants and Other Americans United for Separation of Church and State.

I today have requested unanimous consent for the deletion of this objectionable reference; and at this time I ask further unanimous consent that a letter which I received from Mr. Glenn L. Archer, executive director, of the above-named organization, be printed in the RECORD.

The letter follows:

PROTESTANTS AND OTHER AMERICANS
UNITED FOR SEPARATION OF
CHURCH AND STATE,
Washington, D.C., April 29, 1960.

Representative MELVIN PRICE,
House of Representatives,
Washington, D.C.

DEAR MR. PRICE: My attention has been called to an article by Glen Soellner, taken from the St. Louis Review of March 25, 1960, which you inserted in the CONGRESSIONAL RECORD of April 26, at page A3533.

I was quite astonished to see the following paragraph in this article taken from the St. Louis Catholic Journal.

"The Klan, the Hitlerites, the Communists, and the Johnny-come-lately POAU (Protestants and Other Americans United for the Separation of Church and State) are all dangerous, Colonel Griffin observed. But he is opposed to suppressing such organizations."

POAU is a national organization with about 100,000 supporters from Protestant, Jewish, Catholic, and independent religious groups in the community, all banded together to preserve the separation of church and state. Its three top officers have been presidents, respectively, of America's largest Protestant denominations, Baptist, Methodist, and Presbyterian.

If you will read the current, May 10, issue of Look magazine you will see the organization defended against abuse by two of America's leading Protestants, Dr. Eugene Carson Blake of the Presbyterian Church and Bishop G. Bromley Oxnam of the Methodist Church. You will see also that our organization has specifically repudiated the Ku Klux Klan, the Know Nothing Movement, and all similarly bigoted movements based on prejudice.

Under the circumstances, we ask you to print in the CONGRESSIONAL RECORD the appropriate portions of this letter setting forth the true facts about our organization. We are sure that you did not intend to libel

Arab countries, too, will understand the importance of peace in that area and will soon take steps to bring about a situation of peace from which all nations and peoples stand to gain.

I want to congratulate the people of Israel on their anniversary and to wish them many more successful achievements in the years to come. May they know the joys of genuine peace.

Mr. BROOMFIELD. Mr. Speaker, today we in the House of Representatives are joining a new nation in celebrating its 12th anniversary. That nation is Israel, which has set an enviable record of development, of progress, and of aid to its less fortunate neighbors in a few short years.

Not many realize the fact that Israel, for instance, has its own foreign aid program and that it is lending technical assistance and advice to Ghana, Nigeria, Guinea, Chad, Ethiopia, and Burma.

The Afro-Asian nations and Burma are anxious to receive help from this tiny nation because they know that there are no strings attached to such aid, and that these countries will not become economic pawns in the greater game of the cold war.

In a manner of speaking, Israel has started its own foreign aid program as a means of saying "thank you" to the help that nation received from the United States in its earliest years.

Israel has cut the gap between imports and exports from 9 to 1 in 1948 to 3 to 1 at the present time.

Its per capita income has better than doubled.

More than a million refugees have been resettled in that small nation.

Industrial production, almost a non-entity at the time of Israel's founding, now totals better than \$952 million.

This record of accomplishment is phenomenal for a nation twice its size and population.

Israel has accomplished much in a dozen years. Let us hope that its lesson of democracy, energy and dedication will exist for dozens and hundreds of years to come, and that our Nation will always have such staunch and loyal friends.

AID TO DEPRESSED AREAS

The SPEAKER. Under previous order of the House, the gentleman from West Virginia [Mr. BAILEY] is recognized for 60 minutes.

Mr. BAILEY. Mr. Speaker, the "snows of March" cannot wash out the mounting unemployment rolls in areas throughout the Nation.

I have asked for this time for the purpose of myself taking the opportunity as well as to give the opportunity to a number of my colleagues to bring this proposed legislation before the House. The legislation will come up on Wednesday of this week under Calendar Wednesday proceedings.

Mr. Speaker, while the American economy as a whole is enjoying high activity, the festering sore of chronic unemployment continues to blight hundreds of communities in all parts of the Nation. The distress suffered by millions of people, bypassed by the general rise in in-

come, can no longer be ignored. The specter of poverty in the midst of plenty should not be allowed to tarnish the record of America's growth. We cannot permit complacency to blind us to the serious problems faced by the people in areas which are in urgent need of economic redevelopment. Tolerance and indifference to the continuance of chronic unemployment in the depressed urban and rural communities of the United States is not the American way of life.

We have helped foreign countries to redevelop their entire economy and have assisted to develop the sections to initiate new growth under the point 4 program. We have recognized that unemployment and underemployment are wasteful and lead to unhealthy discontents.

There are more than 177 distressed labor markets in this country representing some 15 percent of the Nation's total work force, with 26 percent of the Nation jobless. Among them we can count many textile communities, we can count ghost towns that were formerly thriving mining towns, we can count areas in industrial sections that are presently meeting too much competition from abroad. We can point to too many agricultural and rural areas that need to be rehabilitated.

Mr. FLOOD. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. I thank the gentleman.

Mr. Speaker, at this time I am not going to discuss the merits of this legislation. That I shall do as the occasion arises on Wednesday when this bill will be before the House under what is known as the Calendar Wednesday procedure.

The gentleman from West Virginia has been with me through the years on this bill. I see my friend, the gentleman from Pennsylvania [Mr. VAN ZANDT], and my friend the gentleman from Pennsylvania [Mr. FENTON], and my friend the gentleman from Pennsylvania [Mr. SAYLOR], who all through these years with us have fought for this kind of law.

What I want to say today is this, and I take this time yielded so graciously by the gentleman from West Virginia to point out to the Members of the House what the parliamentary situation will be. This is the first time in over 10 years that access is being made to that rule of the House providing for the Calendar Wednesday operation. The reason for that is that the Rules Committee by a 6-to-6 vote denied a rule on this bill.

Mr. McCORMACK. If the gentleman will yield, will he state what the 6-to-6 vote was on the breakdown?

Mr. FLOOD. The majority leader has asked me to state it. However, I think because of his exalted position, it would have much greater merit and much greater value if he would state it, and I will yield to him to state what he understands the situation was.

Mr. HOFFMAN of Michigan. Mr. Speaker, I call for the regular order. I make the point of order that the gentleman from Pennsylvania cannot yield.

Mr. McCORMACK. Mr. Speaker, will the gentlemen from West Virginia [Mr. BAILEY] yield to me?

Mr. BAILEY. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I think, upon reflection, my friend's observation is the best guidepost to follow.

Mr. FLOOD. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. Mr. Speaker, I think we have emphasized what the situation was in the Committee on Rules. You have what my philosophical friends describe as a distinction without a difference—and I think you all know quite well what the situation in the Committee on Rules was as between the votes cast by the members of the two different political parties that comprise the Committee on Rules and so on and so on and so on. Now when the procedure under the Calendar Wednesday rule is followed on Wednesday, the committees will be called alphabetically. Any Member from either side of the aisle can call up any bill from a committee that has been so called in its alphabetical order. So if that is the practice, a committee that is called before the Committee on Banking and Currency may take any such bill that has been reported by their committee. I have been advised, and I hope, Mr. Speaker, I am wrong—I just cannot conceive that a great committee like the Committee on Agriculture or a great committee like the Committee on Armed Services—I know that the Committee on Appropriations, to which I have the honor to belong will not—but I cannot conceive that a great committee of the great stature of the Committee on Armed Services, for example, would become the handmaiden, and lend itself, prostitute itself to be the minion to frustrate the Committee on Banking and Currency, also a committee of great distinction.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. McCORMACK. I want to refresh the memory of the gentleman from Pennsylvania. My understanding of the Calendar Wednesday rule is that the chairman of a committee can call a bill up and no other Member can do that unless such Member is authorized by the committee to do so. I merely wish to refresh the memory of the gentleman on the rule in this respect.

Mr. FLOOD. If the gentleman from West Virginia will yield for a moment—my memory is now refreshed.

Mr. Speaker, it is important—absolutely important, Mr. Speaker, for all Members interested in the success of this legislation to be present here on the floor at noon on Wednesday because you will undoubtedly be confronted by a sudden death rollcall. The administration is against this bill in spades. They are going to murder it in any way they can. That is an order. Now there are a number of distinguished Republican Members of this House who are just as much in favor of this legislation as the gentleman from West Virginia or as I am, but they are no more than a corporal's guard.

They will fight with us in support of this bill as well as any Democrat in the

House. Do not forget it. But the Republican leadership has passed the word, and when that leadership passes the word, ah, ha, they will be here. They will be here, champing at the bit to destroy the depressed areas bill, even though the Republican national platform spoke and urged this kind of legislation, and even though today in my district, and last week in Dr. FENTON's district, a committee representing the Department of Commerce toured my county and the county of the gentleman from Pennsylvania [Mr. PROKOP] and I have newspaper stories, or I will have them Wednesday, in which unofficially this committee will urge another \$100 million in addition to the bill introduced by my friend from Pennsylvania, Dr. FENTON, and the bill introduced by the gentlemen from Pennsylvania [Mr. SAYLOR and Mr. VAN ZANDT].

So I speak now to urge those on both sides who want this very necessary and vital law, I want all of you "bad Socialists" to be here; all of you "bad Americans" who are here to destroy America, all of you "bad men" to be here with me and let us see. There will be sudden death votes. Somebody may move to adjourn, and there will be a rollcall. If that is licked, somebody may move to consider the bill, and there will be a rollcall. There will be all kinds of dillies flying around here. The Air Force will never see the many gremlins that they will dust off to try to defeat the main one.

On Wednesday we will discuss this with you, but we ask you to be here on time to prevent this business from operating, and let us give to the people what this Congress gave 2 years ago when it died by a pocket veto. I do not want any political issue. Make no mistake about that. There is no man from a distressed area who does. Anybody who says that any one of the men I have mentioned on either side wants a political issue, is a liar in his teeth, if that charge is made that infringes the integrity and the honor of all men from those areas. Do not forget that. Do not bring that one up.

I am grateful to the gentleman from West Virginia.

Mr. Speaker, I include as a part of my remarks the majority report of the House Committee on Banking and Currency, House Report No. 360, 1st session, 86th Congress, on S. 722, the Area Redevelopment Act, which was passed last year by the U.S. Senate and is now pending before the House of Representatives. I have found this majority report to be an excellent one and points up the urgency of passing such badly needed and vital legislation by the House during the current session. This legislation is scheduled to be considered under Calendar Wednesday action this week:

AREA REDEVELOPMENT ACT

The Committee on Banking and Currency, to whom was referred the bill (S. 722) having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the matter which appears in italic in the bill herewith reported to the House.

WHAT THE BILL WOULD DO

S. 722 contains seven major provisions.

First, the bill would create an Area Redevelopment Administration within the executive branch of the Government. It would be headed by an Administrator whose compensation would be \$20,000 per annum. His appointment would be subject to Senate confirmation.

Second, the bill would authorize the Administrator to designate two types of redevelopment areas—industrial and rural—in the United States. The Administrator would designate as industrial redevelopment areas those areas suffering from substantial and persistent unemployment, and as rural redevelopment areas those areas with a large percentage of low-income families and substantial unemployment or underemployment. An overall program for the economic development of each area would then be prepared by the leaders of the area with advice and assistance of local authorities and the Area Redevelopment Administration. This would be subject to the approval of the Administrator.

Third, the Administrator could make loans for industrial projects in industrial redevelopment areas out of a revolving fund of \$75 million. He could also make loans for industrial projects in rural redevelopment areas out of another \$75 million revolving fund. These funds would be established by appropriations.

Fourth, the bill would authorize the Administrator to make loans and grants for constructing or improving public facilities, or for purchasing or developing land for public facility usage in redevelopment areas. Such a loan or grant could be made only upon application by a State or local governmental unit. The bill would authorize an appropriation of \$50 million for loans and one of \$35 million for grants.

Fifth, the bill would authorize the Administrator to provide technical assistance to redevelopment areas. It might be provided by use of the staff of the Administrator or by contract with individuals or institutions.

Sixth, the bill contains two sections which would vest additional authority in the Housing and Home Finance Administrator in order to assist industrial redevelopment areas. Grants and loans for slum clearance could be made in these cases under title I of the Housing Act of 1949 without regard to certain existing requirements of that act. Planning advances authorized by the Housing Act of 1954 would be made available to all communities in industrial redevelopment areas without regard to the population limitation otherwise applicable.

Seventh, the Secretary of Health, Education, and Welfare could provide information and financial assistance in connection with vocational training programs and the Secretary of Labor would be authorized to pay subsistence payments up to 13 weeks for persons receiving such vocational training but not then receiving unemployment compensation.

BACKGROUND OF THE BILL

The problems which S. 722 is designed to meet are not new. The provisions in S. 722 have been considered in one form or another by four separate committees of Congress in the past 5 years.

The Joint Economic Committee was the first congressional group in the 84th Congress to call for Federal action to help chronically distressed communities. In its 1955 report, the Joint Economic Committee urged that the public works program should be speeded up, and that loans and technical assistance should be extended to help these distressed communities to improve their economic conditions.

Later, in the same year, the Joint Economic Committee made a careful study of low-income families in the United States

and in its report the committee called attention not only to the problems of depressed industrial areas but also to the persistence of low income in various rural areas in the country, particularly in the South. The committee favored a comprehensive Federal program which would combat the basic causes of economic distress both in depressed industrial areas and in regions where low incomes prevailed.

In 1956, the House Banking and Currency Committee reported favorably to the House H.R. 11811, a bill to aid chronically depressed areas. Although the House failed to act on this measure, a similar bill, S. 2663, was reported by the Senate Committee on Labor and Public Welfare and passed the Senate on July 26, 1956.

Both major parties in their respective 1956 platforms called for Federal legislation to aid economically depressed areas.

An almost identical bill, S. 3683, 85th Congress, passed both Houses of the Congress in 1958, but was pocket-vetoed by the President on September 6, 1958.

S. 722, as reported, is a product of careful study and deliberation. Public hearings were held by Subcommittee No. 3, headed by the Honorable WRIGHT PATMAN, on the companion bill to S. 722, H.R. 3505, introduced by the Honorable BRENT SPENCE. They lasted from March 9 to March 20. Over 70 witnesses were heard, including representatives of the Department of Commerce, the Housing and Home Finance Agency, and the Small Business Administration. Helpful testimony who also offered by Members of Congress who appeared before the subcommittee. Witnesses representing labor organizations, agriculture, industry, and civic groups gave the subcommittee the benefit of their knowledge and judgment. The subcommittee went into executive session on April 14. Several amendments were adopted to the Senate-passed bill, reducing the total dollar authorizations from \$390 to \$251 million. The bill was then reported to the full Banking and Currency Committee which in turn acted favorably on it on May 5, 1959.

CHRONIC LOCALIZED DEPRESSION—WHY AND WHERE

(1) Technological change

The key to the increasing prosperity of the American economy has been productivity, which in turn stems from technological progress. The economy as a whole benefits from such technological change, but some of the workers displaced by innovations or technological shifts are not readily reabsorbed into the ranks of the employed.

One community thus affected is Altoona, Pa. Until recently, Altoona was the largest steam locomotive repair center in the United States. The rapid dieselization of railways since the end of World War II has changed the pattern of skills required by locomotive repairmen. A large number of fairly specialized mechanics were formerly employed in Altoona in the repair shops. But as railroads switched from steam to diesel locomotives, their skills were no longer required. Diesel locomotives are not repaired by the same type of mechanic, nor in the same place, as the older steam locomotives.

Technological change has also contributed to the displacement of coal miners. Many communities in the coal mining centers of Kentucky, Pennsylvania, southern Illinois, and West Virginia have witnessed rising local unemployment which has been partly due to the replacement of miners by mechanical cutters.

(2) Migration of industry

The cotton textile industry of New England began its mass migration to the South during the short but sharp depression which followed World War I. This migration continued for the next two decades. It was

halted by World War II when the cotton mills of both the North and the South were operating at or close to capacity. Since the end of the war, there has been a further substantial shrinkage of the industry in New England.

Prior to World War II, the woolen and worsted industry remained highly localized in New England. But following the war, this industry, too, began to move south. Mill after mill in New England was liquidated, while new and modern textile mills, in both the cotton-synthetic and woolen-worsted industries, were built in the South. Thousands of textile workers were left stranded in New England, New York, and Pennsylvania. The full-fashioned and seamless hosiery industries likewise migrated southward displacing many hosiery workers in the North. And there has been some migration of the glove and apparel industries to low labor-cost areas.

A number of communities have been adversely affected by the outmigration of industry. Among those have been the Massachusetts textile cities of Lawrence, Lowell, Fall River, and New Bedford; Manchester, N.H.; the Utica-Rome area in New York; Philadelphia and Reading in Pennsylvania; Providence, R.I.; and to a lesser extent Paterson, N.J. Other communities, such as Brockton, Mass., have experienced a high level of localized unemployment due to the migration of shoe factories.

A community does not recover easily from the sudden impact of the liquidation of a large mill or factory. The textile industry is labor intensive; that is, a large number of workers are employed per dollar of capital invested. Many of the New England textile mills which have been liquidated in recent years employed 5,000 or more workers. These mills were not closed down overnight, but when their managements decided to liquidate, thousands of workers were laid off over a period of several months, and the displaced workers were not readily reabsorbed into new jobs.

The migration of industry is not new in the United States; indeed, it has been going on virtually since the beginning of industrialization in this country. Although the statistical evidence on this score is scanty, there is a strong presumption that there has been more sudden movement of industry during the postwar period than during comparable periods in the past. The number of communities which have become chronic surplus labor areas due to this cause has been large. And the communities which have become depressed areas due to the migration of industry have often experienced the greatest difficulty in adapting to change.

(3) Shifts in demand

Although technological change has contributed to the decline of employment in coal mining by reducing employment per ton of output, an even more important cause has been a shift in demand from coal to oil on the railroads, in industry, and in homes. The declining consumption of coal has had secondary effects on such communities as Cumberland, Md., for example, where railroad manpower requirements have been severely curtailed due to the reduced shipments of coal.

(4) Protracted seasonal unemployment

Some resort communities, such as Atlantic City, N.J., and Asheville, N.C., have high levels of employment during the summer months, but experience so much unemployment during the remainder of the year that they are classified as surplus labor areas.

Other areas such as Durham, and the Winston-Salem area of North Carolina, which are important tobacco manufactur-

ing centers, may have a balanced labor supply for about 4 months out of the year while tobacco manufacturing is at its seasonal peak. But for the remainder of the year, these communities are surplus labor areas. These and other communities in the upper South have also felt the impact of declining job opportunities in the domestic textile industries.

(5) Depletion of resources

Although this has not been a major cause of localized depression, a few communities have become surplus labor areas because the basic resource which formerly supported employment in these areas has been depleted. Tacoma, Wash., has suffered from unemployment due to the diminishing supply of saw and peeler logs.

The depletion or exhaustion of high-grade and easily accessible seams of coal have contributed to chronic unemployment in the 14 coal-mining areas which have been classified as surplus labor areas for a good part of the time in recent years. Similarly, the exhaustion of accessible and high-grade deposits of zinc, lead, and iron ore have produced substantial unemployment in a few areas.

In other areas, the depletion of resources has not been the primary, direct cause of unemployment, but has been a contributing factor. Iron Mountain, Mich., for example, became a surplus labor area when the largest firm in the community, a manufacturer of wooden station wagon bodies, closed when adequate supplies of steel supplanted wood in this use in 1953. Conditions in this community were further aggravated by the decline in lumbering and iron mining due to the gradual depletion of resources.

THE NEED FOR ACTION

Your committee is convinced that Federal legislation establishing a comprehensive unified program to help depressed areas is long overdue. Many localities have long been suffering from chronic unemployment. This unemployment presents a double threat to our way of life. It threatens our internal development, and it threatens our external security.

It threatens our internal development because that development has been based on a continually growing domestic market. If many people, through unemployment, are removed from the market as full-scale consumers, our economy will not continue to grow as it might. Moreover, a powerful motive force in our economic growth has been our acceptance of equality of opportunity as a social goal. If opportunity is severely limited in many communities through no fault of the communities themselves, faith in our objectives will be impaired and the motive force which that faith supplies will be correspondingly weakened.

Chronic unemployment threatens our external security both because it supplies our enemies with propaganda material and because it prevents us from realizing our full strength. The leaders of many hundreds of millions of the world's people are hostile to us; one of their central doctrines is that unemployment is inherent in our system, hence any unemployment we experience is a propaganda success for those leaders. But of more tangible importance to our security is the loss of production and income and the dissipation of human effort resulting from our failure to utilize our full economic potential. It increases the costs of Government and the cold war borne by the employed groups. Unemployed people and unused capacity discourage our friends and encourage our foes.

Your committee is fully convinced, then, that chronic unemployment anywhere in our economy is a matter of national concern.

Depressed industrial areas have many common characteristics; first, they are areas which have lost certain historic locational advantages, as discussed above in this report.

Second, they are areas where local enterprise and initiative have usually been smothered and repressed by the existence of persistent and chronic unemployment. Areas suffering from prolonged unemployment are like individuals who have been physically ill or unemployed. They lose heart and courage. They become resigned and discouraged. Their physical energies have been drained. They are like unemployed individuals who need the outside help of a professional agency dedicated to providing them with specific guidance and courage and assistance. Outside assistance, your committee believes, must come from the Federal Government.

Third, they are areas which have low financial resources and are, therefore, least capable of raising the capital required for long-term bold programs for rehabilitation. The very fact that unemployment has persisted and become chronic has meant that the communities' tax rolls have suffered and their financial resources have been drained. They are not as capable of financing their own programs as are the more prosperous communities.

Your committee believes that, in general terms, programs designed to aid depressed areas—those characterized by underemployment and misallocation of resources—have much in common, regardless of whether they relate to agricultural or industrial areas. Both types of areas require additional capital resources, new industrial development to absorb labor surpluses, increased availability of credit and technical assistance to the community; expansion of vocational education available to the local population; and enlarged and improved community facilities and services. It was emphasized during your committee's hearings that expansion of economic activity provides the only longrun solution to the problems of industrial areas with a chronic labor surplus. To achieve this goal, local producers should be enabled to take advantage of additional opportunities to expand and increase their level of output; surveys are needed to appraise and evaluate existing and potential local resources in order to assess the area's capacity for future economic growth; new industries and expanding industries which can put local resources to economic use must be encouraged to establish plants in depressed areas; workers must be afforded opportunity for training which will fit them for new jobs; and assistance must be given to needy workers while they are undergoing such training. Your committee is firmly convinced on the basis of the testimony it received that all of these programs should be administered by a single agency in the Federal Government.

We cannot rely on local efforts alone. We have relied upon such efforts in the past in most communities now considered distressed and they proved to be inadequate. The failure of such local efforts is the reason that the distressed areas problem has become a national problem. The greater national interest dictates that continued economic distress anywhere is destructive of the national well-being and at variance with the Employment Act of 1946, which states:

"It is the continuing policy and responsibility of the Federal Government * * * to coordinate and utilize all of its plans, functions, and resources for the purpose of creating and maintaining * * * maximum employment."

THE COST OF THE PROGRAM

(1) Comparison of bills

The following table compares new authorizations in the Senate-passed bill, the bill as

reported to the House, and the administration bill:

	[In millions]		
	S. 722 (as passed Senate)	S. 722 (as re- ported to House) (in millions)	H.R. 4278 (adminis- tration bill)
Plant loans (industrial areas).....	\$100.0	\$75.0	\$50
Plant loans (rural areas).....	100.0	75.0	None
Public facility loans.....	100.0	50.0	None
Public facility grants.....	75.0	35.0	None
Retraining subsistence payments.....	10.0	10.0	None
Vocational training grants.....	(2)	1.5	(2)
Technical assistance.....	4.5	4.5	3
Total.....	389.5	251	53

¹ H.R. 4278 authorizes extending existing public facility loan program (now limited to \$100 million) to cover distressed areas.

² No limit specified.

³ Per year.

⁴ Exclusive of unspecified amounts for vocational training grants.

⁵ Exclusive of unspecified amounts for public facility loans and vocational training grants.

It will be seen that the bill your committee reported represents a cut of about one-third in the amounts authorized by the Senate-passed bill. Although a strong case was made during the hearings to support the amounts in the Senate-passed bill, your committee decided upon the lesser amounts in the hope that this compromise would result in getting this legislation on the statute books without further delay.

Your committee most sincerely hopes that the spirit of reasonableness and true compromise, which has been its guide, will be met in the same spirit by the administration in acting on this bill.

Further cuts cannot be made without serious danger of killing this new program before it can get started. Half way measures in this area could easily be worse than none. If an inadequate bill is adopted it could discredit all Federal efforts to bring effective assistance to these hard-hit communities.

(2) Primarily a loan program

As shown in the table above, four-fifths of the funds authorized by your committee's bill would be for loans. Most of these loans would be plant loans, made at an interest rate that would more than cover the cost to the Federal Government of borrowing money, plus another one-half of 1 percent to cover administrative expenses and build up a reserve for losses. Public facility loans would be made at an interest rate covering the average rate the Government pays on its outstanding obligations, plus another one-fourth of 1 percent to cover administrative expenses and costs. The same interest rate formula is now in effect in connection with the college housing loan program and experience with that program has shown that one-fourth of 1 percent is ample to cover administrative expenses and losses; it is reasonable to expect it will also cover expenses and losses on these public facility loans, because remarkably low-loss rates now prevail on municipal borrowings for this purpose. It is, therefore, reasonable to expect that the bulk of the expenditures under the bill will be investments, returning to the Government enough in interest payments to cover all costs to the Government.

(3) Cost of doing nothing

Depressed areas are expensive. If we do nothing about them, we pay for them directly through increased unemployment compensation benefits, and indirectly through loss of production. A representative of the Department of Labor told your committee in 1956 that if the ratio of unemployment in labor-surplus areas could be reduced to the national average, we would save about \$100

million a year on unemployment insurance. This estimate was based on unemployment compensation benefits of \$1,350 million in 1955; since the corresponding figure for 1958 is \$4,100 million it will be seen that substantially larger savings from this program can be expected today. This represents a direct saving; there will, of course, be even larger indirect benefits through increased production in depressed areas, including larger tax collections at all levels of Government.

(4) Cost of bill compared with similar Government investments abroad

The President's budget message this year included the following statement:

[Fiscal years; in millions]

Program or agency	Budget expenditures			Recom- mended new obli- gational authority for 1960
	1958 actual	1959 estimate	1960 estimate	
International Monetary Fund subscription (proposed legislation).....		\$1,375		
Export-Import Bank.....	\$340	243	—\$6	
Mutual security, economic:				
Development Loan Fund:				
Present program.....	2	125	180	
Proposed legislation.....			20	\$700
Defense support:				
Present program.....	874	815	515	
Proposed legislation.....			265	835
Technical cooperation:				
Program program.....	140	159	85	
Proposed legislation.....			85	211
Contingencies and other assistance:				
Present program.....	408	470	272	
Proposed legislation.....			226	584
Other (primarily Department of Agriculture emergency famine relief abroad).....	146	135	126	115
Total.....	1,910	3,322	1,774	2,445

This reference is not intended to be critical of these expenditures. Your committee has been instrumental in writing the laws under which the International Monetary Fund, International Bank for Reconstruction and Development, International Finance Corporation, and Export-Import Bank operate, and has supported these institutions in their investment programs, which have been to the mutual benefit of the United States and our allies in the free world.

At the same time, it should be emphasized that the amounts that this bill would authorize to assist our own distressed communities are small compared with the amounts we are putting into economic and technical development abroad. If we can afford \$7 billion in 3 years for economic and technical development abroad, we can afford \$250 million for the same purpose here at home.

RURAL DEVELOPMENT AREAS

The bill recognizes that chronic economic distress is by no means confined to urban areas. Despite our overall level of national prosperity, far too many rural counties still suffer from a high rate of unemployment or underemployment, and a disproportionately low standard of living. Too often we forget that within the ranks of agriculture there are approximately 1 million families with an annual income of less than \$1,000. These families frequently have inadequate farming resources to provide full-time productive use of their labor under modern conditions. Many small farmers are hampered by inadequate capital and a scale of operations too small to give them a decent family living. According to the most recent data available from the census of agriculture, the gross sales of approximately one out of three commercial farms are less than \$2,500. This bill would provide off-the-farm jobs to supplement the income of these farm families.

This solution was recommended to your committee by Mr. Herschel D. Newsom, master of the National Grange, who stated that from the long-range standpoint this bill

"The United States is directing its diplomacy and devoting a substantial share of its economic resources to maintaining world peace and the security of free nations. In a world which still contains much want and suffering, it is a goal of our foreign policy to promote the economic stability and growth of less developed countries. This is as vital to us as it is to the countries concerned in the present world situation."

In order to carry out this policy, the President has recommended expenditures of billions of dollars. The following figures, also taken from the President's budget message, give some indication of the size of our current effort in the field of economic and technical development abroad:

"could be one of the most important pieces of agricultural legislation during the 86th Congress." The National Grange has expressed its support of this legislation in the following policy statement:

"The fundamental remedy, we believe, is to expand employment opportunities in areas of chronic rural underemployment. We hold that where human dignity and a decent American standard of living are at stake, we cannot be satisfied with half measures. We believe these very low income rural families deserve a positive and realistic effort that will help them obtain respectable, useful employment—either part-time work to supplement farming operations, opportunity to move to areas needing additional farmers, or full-time off-the-farm employment for one or more members of the family.

"Accordingly, we favor expansion of existing rural development activities to include more attention by Government agencies to this problem; a central administration to give leadership to local, State, and National efforts in dealing with rural underemployment; and limited financial aid, primarily in the form of loans, to help in the location or expansion of industrial activities in areas of rural underemployment."

Testimony before your committee indicated that off-the-farm employment is an increasingly important aspect in the economic life of America's farm families. In some instances, such off-the-farm employment provides a relatively small but extremely necessary supplement to farm income, and the farm itself continues to be the principal source of income. In other and steadily increasing instances, off-the-farm employment is supplanting the farm as the chief source of income for the farm family.

For over 3 years, the Department of Agriculture has been trying to help these areas through the rural development program. The program has shown some promise in opening up new job opportunities, but it has been hampered seriously by lack of funds, and has relied primarily upon exhortation and educa-

tional efforts. The committee agrees with the conclusion expressed in a recent report of the agricultural committee of the National Planning Association:

"The low-income rural problem is far too vast and deep seated to be solved by the rural development program as presently conceived. While the cautious grassroots approach of this program may have been largely justifiable up to date, it will have to become much more sharply focused, better integrated and coordinated, much bolder in its objectives, and far better financed if it is to make significant inroads in reducing the South's widespread rural poverty."

Your committee believes that the bill would represent a great forward step in coping with the low-income rural-area problem. Under the bill essentially the same economic tools available to industrial depressed areas would be made available to step up economic activity in the low-income rural areas.

The bill would require the Administrator to designate as a rural redevelopment area any county (1) which is among the 500 counties in the United States ranked lowest in level of living of farm-operator families, or (2) which is among the 500 counties in the United States having the highest percentage of commercial farms producing less than \$2,500 worth of products for sale annually. (For a list of those counties which would automatically be designated as rural redevelopment areas, see appendix B, p. 23.)

This would mean that upon enactment, these areas would automatically be eligible for the loan and grant and other redevelopment features of the bill. They would become eligible for loans for industrial and commercial development, as provided in section 6 of the bill. They would become eligible for assistance in providing local public facilities, both in the form of loans and grants, as provided in sections 7 and 8 of the bill. They would become eligible for technical assistance. They would become eligible for the worker retraining aids provided in sections 15 and 16 of the bill.

Your committee believes that these aids taken in combination will provide the means for these low income rural areas to expand their economic base, provide additional job opportunities, and raise their general income level and standard of living. In helping achieve these most desirable objectives, your committee believes that the bill will make a solid contribution to the economic well-being of America's rural sections.

MAJOR PROVISIONS OF THE BILL AS REPORTED

Area Redevelopment Administration

Section 3 would create an Area Redevelopment Administration within the executive branch of the Government. It would be headed by an Administrator whose compensation would be \$20,000 per annum. His appointment would be subject to Senate confirmation. While your committee is fully cognizant of the arguments for minimizing the number of agencies reporting to the President, there seems to be no alternative in this instance without seriously prejudicing the chances of the program's success. If this program is to succeed, we must have the wholehearted cooperation of both labor and business. Placing the program under the Department of Commerce, as was provided in the administration's bill, would be just as unacceptable to the labor community as placing it in the Department of Labor would be unacceptable to the business community.

The primary function of the Commerce Department is the promotion of business and commerce. This is not the orientation of this Area Redevelopment Act or of the proposed Area Redevelopment Administration. The purpose of this act is to help correct area unemployment by helping the people in these areas broaden their respective communities' economic base. Business will, of course, prosper from the operation of

this bill, as will all other segments of the community. But business' welfare is incidental to the main function of the bill, which is to help correct area unemployment in areas of chronic industrial unemployment and areas of chronic rural underemployment.

Since one of the two main purposes of the bill is to help solve the pressing problems faced by these rural areas, and the Department of Commerce is not acquainted with problems of this nature, the committee feels that this is an additional reason for placing this new program under an independent agency.

The administration should be centered in one independent agency with a clear mandate such as this bill provides rather than in a coordinating committee approach under 1 of the 11 interested departments, each of which has other primary functions and responsibilities. It is important that we do not force our communities seeking assistance to shuttle around Washington among the 11, all of whom have parts of this program to administer. Often, we as Congressmen are called upon by our constituents to help out in bringing their problems to the attention of the Government departments concerned. We do not like, any more than they do, being shunted around from one agency to another to obtain attention to their needs. This way lies frustration. In the interest of simplifying administration and giving the communities, regions, and States concerned one place to which they can come with their problems, we felt it essential that the administration be centered in a single, independent agency.

Centering responsibility for the success of this program in a separate agency will not only be a great convenience to the communities to be served, it will also provide one agency and one individual whom the President and the Congress can look to for leadership in helping solve the problem of area unemployment and underemployment in the United States, and one agency and one individual whom they can hold responsible for the administration of this act. One of the bills we had under consideration provided for this great responsibility to be centered in an administrator with a rank equivalent to an Assistant Secretary of the Commerce Department. To head this entire program at the Assistant Secretary level would seriously handicap its chances of success. An Administrator appointed by the President and confirmed by the Senate, as is provided in S. 722, will, assuming that the President appoints an individual of the highest caliber to this position, provide the kind of prestige and leadership which is called for if this program is to succeed.

Taking all these factors into consideration—the need for an agency which can gain the confidence of labor, management, and agriculture; the need for a unified administration that can help stricken communities and regions make a comprehensive attack on their unemployment or underemployment problem; the needs for a single, central point to which interested community leaders and their Congressmen can go for attention; the importance of a single Administrator and agency who can be held by the President and Congress responsible for the success of this program; and finally, the prestige that an Administrator appointed by the President and confirmed by the Senate would carry in the executive branch of the Government, as opposed to a mere Assistant Secretary in a department primarily devoted to other objectives—your committee feels that the Congress should establish an independent agency with an Administrator appointed by the President and confirmed by the Senate, rather than placing this great responsibility in any one of the 11 interested departments.

Redevelopment areas

Section 5 of the bill contains the proposed definitions of redevelopment areas.

The industrial redevelopment areas would be those where "there has existed substantial and persistent unemployment for an extended period of time." The Administrator would be required to designate as industrial redevelopment areas those which have suffered 12-percent unemployment during the entire year preceding the application, or 9-percent unemployment during 15 out of the preceding 18 months, or 6-percent unemployment during 18 out of the preceding 24 months. Apart from these mandatory designation requirements, the Administrator may designate any area which in his judgment suffers from serious unemployment of other than a temporary nature.

The definition is intended to direct the benefits of the bill to those industrial areas which are suffering from chronic unemployment, rather than areas which are suffering from nationwide temporary unemployment resulting from a general temporary recession. The provision would give the discretion and flexibility which was recommended by a number of the witnesses at the hearing, and at the same time give reasonably clear guidelines.

The Administrator would define the boundaries of the industrial redevelopment area which he designated. These areas might or might not be the same as the labor market areas used by the Government for other purposes. An industrial redevelopment area might include one or more towns or cities, or it might include a part of a county or municipality.

The Administrator is to designate rural redevelopment areas where "there exists the largest number and percentage of low-income families and a condition of substantial and persistent unemployment and underemployment."

The Administrator would be required to designate as a rural redevelopment area any county (1) which is among the 500 counties in the United States ranked lowest in level of living of farm-operator families, or (2) which is among the 500 counties in the United States having the highest percentage of commercial farms producing less than \$2,500 worth of products for sale annually. (For a list of those counties which must be designated as rural redevelopment areas, see app. B, p. 23.)

Loans for industrial projects

Section 6 of the bill provides for two \$75 million revolving funds, one for industrial projects in industrial redevelopment areas, the other for industrial projects in rural redevelopment areas. These revolving funds for loans were provided because witness after witness testified that in these urban and rural areas where unemployment and underemployment have been substantial and persistent, the communities' own resources are not sufficient to make it possible for industrial development to proceed.

This need for capital is related closely to the general need for small-business credit, which has occupied the attention of the Congress for many years. The Small Business Administration is now providing a limited amount of assistance. State business development credit corporations and authorities, and local organizations are seeking to provide equity capital or long-term credit for small businesses. The problems which small business finds in raising capital throughout the country are intensified in areas which have long been suffering from unemployment and underemployment. The local capital frequently has been consumed previous efforts to start the new business, or in relief measures. Outside capital is doubly reluctant to venture into an area where other industries have suffered and failed; a safer investment elsewhere seems preferable.

Under the bill the Federal loan cannot exceed 65 percent of the project cost. At least 10 percent of the total cost would have to be supplied by the State or local government

or by community or area organization, and not less than 5 percent of the total cost would have to be supplied by a nongovernmental source.

It is impossible to predict the kind or number of projects or the number of jobs which will be created by these loans. However, the two \$75 million revolving funds will be sufficient to finance a substantial program which will demonstrate its feasibility and effectiveness. The total capital investment in the projects for which loans are made will be substantially greater than the amount of the Federal loans, by at least 50 percent. Accordingly, the loans authorized in section 6 should generate an initial total public and private expenditure of \$225 million or more. This should have a very substantial effect in providing permanent jobs in areas of chronic unemployment or underemployment. And as these loans are repaid, additional funds will become available for new loans.

Section 6 expressly provides that loans made under it for industrial projects must not be granted to assist establishments relocating from one area to another, when such assistance will result in substantial detriment to the area of original location by increasing unemployment. This provision reflects the declaration of purpose of the act, to create new employment opportunities by developing and expanding facilities and resources without substantially reducing employment in other areas of the United States.

If the proposed transfer of a plant from one area to another will create as much unemployment in the area it leaves as it absorbs in the area it moves into, nothing has been gained from the point of view of the overall economy of the United States. The use of Federal funds for a transfer of this sort would not be justified. Expansion of existing firms in business elsewhere, without at the same time substantially reducing existing employment opportunities, is the aim of this Federal assistance. In an expanding economy ample opportunities can be found to develop the depressed areas without injury to other areas of the country.

Assistance for local public facilities

One of the most common problems facing communities which have experienced chronic economic distress is a lack of public facilities. The loss of revenue and the effect on the community's credit rating often make it impossible to build or maintain adequate public services and facilities without outside financial assistance. Perhaps the most frequent and most serious deficiency exists in water and sewer facilities.

An adequate supply of water is indispensable to modern industry, and its use is increasing rapidly. The President's special adviser on public works has reported that between 1955 and 1975, the Nation will need to increase its consumption of water by 191 billion gallons a day. It will soon be necessary to use every source of water available, and essential to protect our water supply from pollution. Many communities which now have few economic advantages will become increasingly attractive to industry as the search for water continues.

Because pure water is so important to both personal health and to economic expansion, a community must be prepared to provide an adequate supply if it is to survive and grow. Here, however, it is often faced with a dilemma: How to finance the facilities needed for growth on the basis of the present limited resources. In areas plagued by persistent unemployment, current economic conditions frequently make it impractical to go to the private market for funds because the interest rates which private lenders would demand are too high. Private lenders cannot undertake economic studies of each area which seeks to bor-

row, and hence they are guided largely by the past. On the other hand, it may well be that such economic studies would give strong reason to believe that if an adequate water supply and other public facilities were available, along with other measures such as are provided for in this bill, business activity would expand, justifying the present investment through the direct taxes that such businesses would pay and the employment that would be generated.

The economic program contemplated in section 6(b)(10) of this bill would provide the basis on which a determination could be made of the future prospects of an area, and the actions which need to be taken.

Economic planning cannot be done in a vacuum. It must take into account available resources and aids as well as the problems to be overcome. It is obvious from the testimony presented to your committee over the past 2 years that obsolete or inadequate public facilities constitute one of the most widespread problems facing depressed areas. Hence, it is necessary that we provide at the outset for assistance to meet this problem, so that those who prepare programs for economic recovery will know the tools they have to work with. Such assistance is an integral part of any meaningful effort to redevelop depressed areas.

The financial assistance needed to overcome this problem is provided for in this bill by authorizing the Area Redevelopment Administration to make loans and grants for public facilities which will contribute to the economic improvement of the area.

Loans for Public Facilities

Section 7 of the committee substitute establishes a revolving fund from which the ARA Administrator would make loans for the construction, expansion, or improvement of public facilities, or for the purchase or development of land to be used for such facilities. Any State or political subdivision of a State, or any Indian tribe, is eligible to apply under the provisions of the bill. Restrictions are imposed on the use of the funds to insure that these projects are in line with the purposes of this bill, that the loans are sound, and that these facilities will not encroach on existing private utilities.

The amount of \$50 million is authorized for appropriation as a revolving fund from which these loans would be made. The maximum maturity on such loans would be 40 years, and the interest rate would be limited to the average annual rate on all interest-bearing obligations of the United States at the end of the preceding fiscal year, plus one-fourth of 1 percent.

Before making a loan, the Administrator must find that the funds requested are not available to the local authority on equally favorable terms. Moreover, he must determine that the financial resources available, including the loan, are adequate to complete the project (but not in excess of the aggregate cost), and that there is reasonable expectation of repayment. These provisions will prevent the dissipation of the loan funds on projects which should be financed through other means, and also protect the Government from loss.

Any project covered by a loan under this section must be one which will tend to improve the opportunities in the area for the successful establishment or expansion of industrial or commercial plants or facilities. Moreover, the project must be consistent with a program for economic development which the Administrator has approved.

No project could receive assistance if it would compete with an existing privately owned public facility whose rates or charges are subject to State regulation, unless the State regulatory body determined that there is a present or foreseeable need for an increase in the service which the existing utility is unable or unwilling to provide.

Grants for Public Facilities

The Administrator would be authorized to make grants to assist in the financing of public facilities in redevelopment areas, and the bill authorizes \$35 million to be appropriated for this purpose. As in the case of loans, a project for which a grant is made must be such as to tend to improve the opportunity for industrial or commercial expansion, and must be consistent with the economic program for the area provided for in section 6(b)(10). Also, no facility could be aided by a grant if it competed with a private utility unless the State regulatory body having jurisdiction determined that the project was needed. It is further provided that, to be eligible for a grant, the project must fill a pressing need in the area, and that there is little probability that it could be undertaken without the assistance of the grant.

The committee substitute also provides that the Administrator may undertake studies to determine the need and probable cost of public facilities in redevelopment areas, and any State or political subdivision, or any Indian tribe, may present a proposal for a needed project. The applicant is required to contribute to the cost of the project in proportion to its ability to do so, and the amount of the grant is limited to the difference between such funds as can be practically obtained for other sources (including loans under the bill), and the amount necessary to insure completion of the project. The Administrator is directed to provide for supervision of the execution of any project for which a grant is made to insure that the funds are not wasted or dissipated.

Taken together, the loans and grants provided for in this bill are a key element in any overall program to revive the economic well-being of areas which are now, for one reason or another, subject to chronic unemployment.

Technical assistance

The Administrator would be authorized to provide technical assistance to the redevelopment areas, including studies evaluating the needs of and developing potentials for economic growth for such areas. Such assistance could be provided by the personnel of the new administration or by private groups under contract. Appropriations up to \$4.5 million annually are authorized for this program.

The sound redevelopment of a depressed area should be based on careful planning. Early in the program, a technological audit should be made to determine the types of economic activity which would contribute to sound and lasting growth.

A well-planned and carefully executed technological audit should show how the resources of an area could be put to their optimum use. The audit would not be limited to natural resources, although the best use of these should be carefully explored. Recent experiments in the use of coal as a raw material for the chemical industry and in the development of synthetic fuels hold much promise for a revival of the coal industry in some areas currently depressed. Instead of mining coal to be shipped to industrial centers as fuel, however, various types of chemical plants could be attracted to the coalfields since there would be substantial weight loss in the extraction of synthetic gases and chemicals from coal. Experimental work along these lines is now in progress. It could be hastened, however, by financial and technical assistance to labor surplus coal areas.

Some depressed areas are poorly endowed with natural resources, however, and in others basic resources have been largely depleted. How would a technological audit benefit these areas? Here the problem would be to discover the locational advantages of

these communities for various types of processing, fabricating, and research activities. Specialists in industrial location could help determine the advantages which such locations have to offer to expanding industries. Their analysis would be based on long-term fundamental advantages, and not short-term inducements, often artificially created.

Business now operating in depressed areas could be encouraged to expand. Many types of specialists could assist in this. Industrial engineers, cost accountants, marketing specialists and others could assist small firms to increase their efficiency and to develop new products and services.

Urban renewal and planning aid

Sections 13 and 14 of the bill would make available certain Federal aids under existing programs administered by the Housing and Home Finance Administrator in order to facilitate the industrial development of communities in areas of substantial and persistent unemployment.

Section 13 would amend title I of the Housing Act of 1949, as amended, by adding a new section 112 which would make available urban renewal benefits under that act to a community when the Area Redevelopment Administrator designates the area in which the community is located as an industrial redevelopment area, and certifies that there is a reasonable probability that with the assistance provided under the bill and other aids, the area will be able to achieve more than temporary improvement in its economic development.

The addition of this new section 112 is necessary to eliminate certain restrictive provisions in the urban renewal program which would otherwise impede efforts to improve the economic development of the locality. For example, under section 110(c) of the Housing Act of 1949, as amended, it is required that project areas be predominantly residential in character* or be redeveloped for predominantly residential uses. This limitation would be removed under the new proposed section 112 by making financial assistance available under the act for industrial development or redevelopment in project areas notwithstanding residential limitations in section 110(c) of the act. The amendment would also authorize financial assistance to industrial redevelopment areas by making eligible for rehabilitation a project area involving primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area. As thus amended, title I of the Housing Act of 1949 would authorize financial assistance, in appropriate cases, to make available suitable cleared sites for industrial and commercial development and to permit industrial and commercial rehabilitation. The availability of good building sites at reasonable prices is a prime consideration in business decisions to locate or expand in an area. Under this amendment private enterprise would have an opportunity to acquire building sites for industrial development at their fair value. Coupled with the other benefits provided in this bill, the financial assistance made possible by the amendment to title I of the Housing Act of 1949, should materially assist in the establishment of stable and diversified local economies and help to create new employment in industrial redevelopment areas.

This section of the bill would also provide for two other amendments to the existing provisions of title I of the Housing Act of 1949 to adapt the benefits of that act more effectively to the broad purposes of this bill. At present, land acquired for a project area must be disposed of for immediate development. Under the provisions of section 13 of the bill this requirement for disposition for immediate development would be changed so that land designated for industrial use could be conveyed to any public agency or nonprofit corporation at fair value and the

public agency or nonprofit corporation could hold the land for subsequent disposition as promptly as possible in accordance with the urban renewal plan. The purchaser or lessee from the public agency or nonprofit corporation would however be required to use the land solely for the uses approved in the urban renewal plan in conformity with the requirements of section 105(b) of the act. This amendment should provide greater flexibility to the locality to obtain the type of industries which would best serve its purposes.

Once a contract is executed under the new section 112 the contract would remain in force until completion of the project even if it is later determined that the area may no longer be an industrial redevelopment area. This amendment would insure continuity of the development of the project area without fear that a later change in circumstances would make Federal financial assistance unavailable.

Up to 10 percent of the funds authorized for capital grants under title I of the Housing Act of 1949 after January 1, 1959, could be made available for projects in industrial redevelopment areas as defined in this bill.

Section 14 of the bill would make the planning advances provided by section 701 of the Housing Act of 1954 available to all counties, cities, or other municipalities in industrial redevelopment areas without regard to the population limitation otherwise applicable. That section of the 1954 act now generally excludes the larger communities, i.e., those over 25,000 population.

Worker retraining

In areas where the principal industry has left or is obsolete, or where the area never reached an advanced state of development, it will be important to provide vocational training and retraining for the people of the area. Developing new industries in the area will accomplish little, and will, in fact, be impossible, unless the available labor can meet the needs of the industry. Accordingly, the Secretary of Labor is authorized to make studies of the skills and other characteristics of the labor force in any redevelopment area. He is also authorized to provide assistance in developing a program to improve the utilization of such a labor force. Finally, S. 722 authorizes the Secretary of Labor, if he finds a need for vocational education in a redevelopment area, to assist in determining the vocational training needs of unemployed individuals residing in the area and to notify the Secretary of Health, Education, and Welfare of such needs. The Secretary of Health, Education, and Welfare may then provide assistance, including financial assistance where necessary, to the State boards for vocational education in the provision of such services in the area. The sum of \$1.5 million annually is authorized to be appropriated for this purpose.

In order to enable unemployed persons to get the benefits of this training the bill also provides that the Secretary of Labor may make weekly retraining payments, through State agencies, to unemployed persons in the redevelopment areas, or 13 weeks at the average weekly unemployment compensation rate in that State, but limited to those not receiving unemployment compensation. An appropriation of \$10 million is authorized for retraining subsistence payments.

Your committee believes that the cost of retraining payments should be borne by the Federal Government because the local communities in depressed areas are financially unable to shoulder this burden.

PROPOSAL FOR DEVELOPMENT OF UNDERDEVELOPED REGIONS

During the hearings, your committee received testimony from the Eastern Kentucky Regional Planning Commission favoring the designation of underdeveloped regions for

assistance as well as depressed areas. It was pointed out that in some instances, basic developmental needs are regional and multi-state in character, including such regional facilities as highways, water transportation, flood control and water supply.

While your committee feels that the principles embodied in the proposed amendments are too broad and far reaching to permit inclusion in the bill, it is also felt that the suggestions deserve careful consideration and study in relation to future treatment of the national economy.

Mr. BAILEY. I thank the gentleman.

I now yield to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Speaker, the gentleman referred to about 177 labor surplus areas in the United States. Is it not true that in that number of 177 surplus areas there are 875,000 unemployed?

Mr. BAILEY. That is right.

Mr. VAN ZANDT. And those people have been unemployed for years. They are chronically unemployed, and we want to help them. It seems that the Congress is anxious to help everybody else, the farmers, the areas that suffer from disaster, and everybody else. But when we come to ask for relief for the 875,000 we have to resort to Calendar Wednesday to get the bill on the floor for debate.

Mr. BAILEY. I thank the gentleman from Pennsylvania [Mr. VAN ZANDT].

These areas are suffering from inadequate employment as a result of structural changes and industrial changes. I mention a few in particular. For instance, the textile industry in the South. The coal-mining industry is another. Our chemicals are going under from competition from abroad. Glass and pottery. I could name 100 or 125 articles that contribute to the situation.

May I say to you that the fact that West Virginia heads all the rest of the States in the number of its laboring force unemployed is due to the fact that we have five or six of our major products meeting too much competition. That applies not only to our coal but also to other articles that we manufacture.

I now yield to the gentleman from Oklahoma [Mr. EDMONDSON].

Mr. EDMONDSON. Mr. Speaker, I want to thank the gentleman from West Virginia for the opportunity to say a word about the agriculture section of this bill, also to thank him for the great leadership he has given this legislation for a long period of time now. The important thing from the standpoint of rural areas is that more than 690 counties in the United States stand to benefit directly from what can accurately be called a point 4 program for farm areas. A list of those counties appears in the committee report on the bill.

Mr. Speaker, I ask unanimous consent to make that list a part of the RECORD at this point.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

(The list referred to follows:)

LIST OF COUNTIES WHICH MUST BE DESIGNATED AS RURAL REDEVELOPMENT AREAS

Alabama: Autauga, Barbour, Bibb, Blount, Bullock, Butler, Chambers, Chilton, Choc-

taw, Clarke, Clay, Coffee, Conecuh, Coosa, Covington, Crenshaw, Cullman, Dallas, De Kalb, Elmore, Escambia, Etowah, Fayette, Franklin, Geneva, Greene, Hale, Henry, Houston, Jackson, Lamar, Lawrence, Lee, Limestone, Lowndes, Macon, Marengo, Marion, Marshall, Monroe, Montgomery, Morgan, Perry, Pickens, Pike, Randolph, Russell, Sumter, St. Clair, Tallapoosa, Tuscaloosa, Walker, Washington, Wilcox, and Winston.

Arkansas: Ashley, Baxter, Boone, Bradley, Calhoun, Chicot, Clark, Clay, Cleburne, Cleveland, Columbia, Conway, Crittenden, Dallas, Desha, Drew, Faulkner, Fulton, Grant, Green, Hempstead, Howard, Independence, Izard, Jefferson, Johnson, Lafayette, Lawrence, Lee, Lincoln, Little River, Logan, Lonoke, Madison, Marion, Miller, Monroe, Montgomery, Nevada, Newton, Ouachita, Perry, Phillips, Pike, Polk, Pope, Randolph, St. Francis, Scott, Searcy, Sebastian, Sevier, Sharp, Stone, Union, Van Buren, White, Woodruff, and Yell.

Florida: Baker, Calhoun, Gilchrist, Hamilton, Holmes, Jackson, Jefferson, Lafayette, Leon, Madison, Okaloosa, Suwannee, Union, Walton, and Washington.

Georgia: Appling, Atkinson, Bacon, Baker, Baldwin, Brantley, Brooks, Bryan, Burke, Butts, Carroll, Charlton, Chattooga, Clay, Clayton, Clinch, Coffee, Coweta, Crawford, Date, Decatur, Dodge, Douglas, Early, Echols, Elbert, Evans, Fannin, Fayette, Glascock, Gilmer, Greene, Hancock, Haralson, Hart, Harri-son, Heard, Henry, Jasper, Jeff Davis, Johnson, Lamar, Lanier, Liberty, Lincoln, Long, Marion, Meriwether, Montgomery, Murray, Newton, Oglethorpe, Pierce, Quitman, Raburn, Randolph, Rockdale, Screven, Stewart, Taliaferro, Tattnall, Taylor, Telfair, Towns, Treutlen, Twiggs, Union, Walker, Warren, Washington, Wayne, Wheeler, White, Wilcox, Wilkes, and Wilkinson.

Illinois: Hardin, Johnson, and Pope.

Kentucky: Adair, Allen, Breathitt, Breckinridge, Butler, Carter, Casey, Clay, Clinton, Cumberland, Crittenden, Edmondson, Elliott, Estill, Floyd, Grayson, Graves, Green, Greenup, Hopkins, Jackson, Johnson, Knox, Laurel, Lawrence, Lee, Lewis, Magoffin, Marshall, Menifee, McCracken, Metcalfe, Monroe, Morgan, Ohio, Owsley, Pike, Powell, Pulaski, Rockcastle, Rowan, Russell, Wayne, Whitley, and Wolfe.

Louisiana: Avoyelles, Beauregard, Bienville, Caldwell, Catahoula, Claiborne, Concordia, De Soto, East Feliciana, Evangeline, Franklin, Grant, La Salle, Lincoln, Livingston, Morehouse, Natchitoches, Red River, Richland, Sabine, St. Helena, St. Landry, Union, Vernon, Webster, West Carroll, West Feliciana, and Winn.

Michigan: Iron, Wexford, Alcona, Clare, and Iosco.

Minnesota: Itasca and Aitkin.

Mississippi: Adams, Alcorn, Amite, Attala, Benton, Bolivar, Calhoun, Carroll, Chickasaw, Choctaw, Claiborne, Clarke, Clay, Coahoma, Copiah, Covington, De Soto, Franklin, George, Greene, Grenada, Hinds, Holmes, Humphreys, Issaquena, Itawamba, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lafayette, Lamar, Lauderdale, Lawrence, Leake, Lee, Leflore, Lincoln, Lowndes, Madison, Marion, Marshall, Monroe, Montgomery, Neshoba, Newton, Noxubee, Oktibbeha, Panola, Perry, Pike, Pontotoc, Prentiss, Quitman, Rankin, Scott, Sharkey, Simpson, Smith, Sunflower, Taliahaatchie, Tate, Tippah, Tishomingo, Tunica, Union, Washington, Walthall, Warren, Wayne, Webster, Wilkinson, Winston, Yazoo, and Yazoo.

Missouri: Bollinger, Butler, Carter, Dent, Douglas, Howell, Iron, Madison, Oregon, Ozark, Reynolds, Ripley, Shannon, Stone, Taney, Vernon, Washington, Wayne, and Wright.

New Mexico: Mora, Rio Arriba, San Miguel, Sierra, and Socorro.

North Carolina: Alexander, Alleghany, Anson, Ashe, Avery, Bladen, Buncombe,

Brunswick, Burke, Caswell, Catawba, Cherokee, Clay, Cleveland, Columbus, Davidson, Duplin, Graham, Halifax, Haywood, Hyde, Jackson, Lincoln, McDowell, Macon, Madison, Mitchell, Montgomery, New Hanover, Onslow, Pender, Person, Polk, Rutherford, Scotland, Stanly, Swain, Transylvania, Tyrrell, Washington, Warren, Watauga, Wilkes, and Yancey.

Ohio: Gallia, Guernsey, and Noble.

Oklahoma: Adair, Atoka, Cherokee, Choctaw, Coal, Creek, Delaware, Haskell, Hughes, Latimer, LeFlore, Lincoln, McCurtain, McIntosh, Okfuskee, Okmulgee, Pittsburg, Pushmataha, Seminole, and Sequoyah.

South Carolina: Abbeville, Allendale, Anderson, Barnwell, Beaufort, Berkeley, Charleston, Cherokee, Chester, Chesterfield, Clarendon, Colleton, Dorchester, Edgefield, Fairfield, Greenwood, Georgetown, Greenville, Hampton, Horry, Jasper, Kershaw, Lancaster, Laurens, Lee, Lexington, McCormick, Newberry, Oconee, Orangeburg, Pickens, Saluda, Spartanburg, Union, Williamsburg, and York.

Tennessee: Anderson, Benton, Bledsoe, Blount, Campbell, Cannon, Carroll, Carter, Claiborne, Clay, Cocke, Cumberland, Decatur, De Kalb, Dickson, Fayette, Fentress, Giles, Grainger, Greene, Grundy, Hamblen, Hancock, Hardeman, Hardin, Hawkins, Haywood, Hickman, Houston, Humphreys, Jackson, Jefferson, Johnson, Lauderdale, Lawrence, Lewis, Lincoln, Loudon, McMinn, McNairy, Macon, Madison, Marion, Meigs, Monroe, Moore, Morgan, Overton, Perry, Pickett, Polk, Putnam, Rhea, Roane, Rutherford, Scott, Sevier, Sequatchie, Smith, Stewart, Sullivan, Sumner, Unicoi, Union, Van Buren, Washington, Warren, Wayne, White, and Wilson.

Texas: Angeline, Anderson, Bastrop, Bowie, Burleson, Camp, Cass, Cherokee, Duval, Franklin, Freestone, Harrison, Henderson, Houston, Lavaca, Leon, McMullen, Madison, Marion, Morris, Newton, Panola, Polk, Rains, Red River, Robertson, Rusk, Sabine, San Augustine, San Jacinto, Somervell, Titus, Upshur, Trinity, Walker, and Wood.

Virginia: Alleghany, Appomattox, Bath, Bedford, Buchanan, Buckingham, Carroll, Charlotte, Craig, Dickenson, Floyd, Fluvanna, Grayson, Greene, Greensville, Halifax, Henry, Highland, Lee, Lunenburg, Mecklenburg, Patrick, Prince Edward, Russell, Scott, Tazewell, Washington, Wise, and York.

West Virginia: Brooke, Barbour, Braxton, Cabell, Calhoun, Clay, Doddridge, Fayette, Gilmer, Harrison, Jackson, Kanawha, Lewis, Lincoln, Mason, Marion, Mercer, Monongalia, Monroe, Nicholas, Pleasants, Pocahontas, Preston, Putnam, Raleigh, Randolph, Ritchie, Roane, Summers, Taylor, Tucker, Tyler, Upshur, Wayne, Wetzel, Wirt, and Wood.

Mr. EDMONDSON. I summarize the list as follows: It includes 56 counties in Alabama; 59 in Arkansas; 15 in Florida; 75 in Georgia; 3 in Illinois; 45 in Kentucky; 37 in Louisiana; 5 in Michigan; 2 in Minnesota; 96 in Mississippi; 19 in Missouri; 5 in New Mexico; 44 in North Carolina; 3 in Ohio; 20 in Oklahoma; 36 in South Carolina; 70 in Tennessee; 36 in Texas; 29 in Virginia; and 37 in West Virginia.

Those are not areas of industrial depression; those are areas of farm depression as defined in this bill. Most of them are counties where the commercial farms in those areas produce less than \$2,500 worth of products for sale annually. They make up the dismal side of an otherwise bright picture in the United States which is reflected by the cold statistics, showing that 1 million American farm families have incomes

of less than \$1,000 a year. It is in counties where that kind of an acute depression exists where families would benefit, families who exist on less than \$1,000 a year. We are trying to do something for them.

Mr. MCCORMACK. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. MCCORMACK. In addition to the farm families whose income is less than \$1,000 a year, there are at least 5 million American families whose total family income is under \$1,000 a year.

Mr. EDMONDSON. I am sure the gentleman is accurate, and I thoroughly support and thoroughly approve of those sections of the bill aimed at correcting conditions in industrial areas also.

Mr. MCCORMACK. My only thought was to strengthen the gentleman's statement that there were a million farm families living on a total income of under \$1,000 a year.

Mr. EDMONDSON. I appreciate the statement of the majority leader.

I think this is a balanced bill in terms of its contribution to the economic welfare of our country. I hope those Members who represent rural areas, farm sections in this country, will appreciate the need for this legislation and will come in and give it their enthusiastic support when this bill is ordered up on the floor on Wednesday.

Mr. BAILEY. I thank the gentleman from Oklahoma.

Mr. MORRIS of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I am committed to yield to the gentleman from Pennsylvania [Mr. FENTON]; then I will yield to the gentleman from Oklahoma.

Mr. FENTON. I thank the gentleman.

Mr. Speaker, I wanted to remind the gentleman from West Virginia as well as the gentleman from Pennsylvania [Mr. Flood] who spoke a few moments ago, that I am certainly in favor of a bill that can become law; in fact, I am in favor of a bill. I want to remind this House that we could have had area redevelopment 4 years ago, but this House refused to listen when I offered the administration bill.

I am not saying that it should or should not have been, but I do say that had we passed that bill we would have had area development for 4 years. Are we now going to face the same situation this year? I fear we may. I certainly want to state right here and now that I am in favor of a bill, and I hope that it is a bill that can be signed into law.

Mr. BAILEY. I thank the gentleman from Pennsylvania for his frank and open statement.

Mr. MCCORMACK. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Massachusetts.

Mr. MCCORMACK. Mr. Speaker, when the bill comes up for consideration on Wednesday there will undoubtedly be efforts made collaterally to prevent the bill from being considered. If that is so, it means in all probability that the legislation is dead for this session because every effort has been made to get a rule out of the Rules Committee.

I can assure you that the leadership on the Democratic side has gone as far as humanly possible in that direction. I am satisfied if we do not pass this bill on Wednesday next the chances are very remote of any legislation coming up during the present session.

The collateral methods that will probably be employed may be one of two. First, there may be the question of consideration raised under the Rules of the House. Of course, some Members might vote for that thinking they were avoiding from the record angle being placed on the record as opposed to the bill. When the bill comes up on Wednesday, anyone who votes against consideration is voting against the bill.

If that motion should fail and they cannot deny consideration of the bill, then someone might offer a motion to adjourn. As majority leader I would feel very much concerned about that because I think that is a question of procedure and should rest with the majority leadership. I may say that when the Republicans were in control of the House if any Democrat offered a motion to adjourn the House and the Republican leadership did not want it, I supported the Republican leadership on the question of procedure.

I can appreciate the raising of the question of consideration. The other is within the prerogative of any Member. But to me that would violate a time-honored custom that has existed between both parties no matter who was in control, that is, that the question of adjournment should rest with the leadership of those on the majority side.

It may be that both may come up. I expect the first question will come on the matter of consideration.

If we who support this legislation maintain our position I am hopeful that no motion to adjourn will be made, but, if so, I am hopeful that my Republican friends who respect the leadership and procedures of leadership will vote against such motion because I certainly would if the situation were reversed. I have done that in the past.

Mr. Speaker, what does this bill do? It authorizes \$251 million in loans and grants to depressed economic areas in the United States. I am strong for mutual security because it is necessary for the national interest of my country. Certainly anyone who voted to help depressed countries abroad ought to vote to help depressed areas in the United States, areas with chronic unemployment. Certainly anyone who voted against the mutual security bill ought to vote for this legislation to assist to resuscitate, rebuild, and rehabilitate American depressed areas in order to bring back to the people of those areas an opportunity to have business attracted there, the doing of those things that will bring happiness to the people of those areas. We must remember that this is a Union, and whether we come from the North, East, South, or West, we have to consider the problem of other sections of the country as the problems of the entire Nation.

This \$251 million is appropriated funds, a straight appropriation. As I

understand it, of that amount \$200 million will be in the nature of loans at advantageous rates of interest, as it should be under the circumstances. But those loans will be paid back. So we are helping our depressed communities, our economically depressed communities, to help themselves. What finer constructive policy could we have than that?

Now, there are a number of distressed areas in Pennsylvania. I could name such places as Pittsburgh, Altoona, Scranton, Wilkes-Barre, and others. We know the plight of West Virginia, distress being so prevalent there. We know the condition in Massachusetts: New Bedford, represented by the distinguished gentleman from Massachusetts [Mr. KERR]; Fall River, represented by the distinguished gentleman from Massachusetts [Mr. MARTIN]; Lowell, represented by the distinguished gentlewoman from Massachusetts [Mrs. ROGERS]; Lawrence; and maybe one or two others. Down through the Southern States there are many textile areas that are in distress, with cities and communities that will benefit from this law and are entitled to it. This covers the whole east coast, out west to Minnesota and Wisconsin, and even some places out further west than that. Certainly this legislation is of a constructive nature. It is an effort to try to make America stronger, to enable those communities to come back and attract new business, to bring hope to their people for employment for the hundreds of thousands who have been unemployed for many years. I think on the facts that there is no justification for voting against this legislation.

Mr. BAILEY. I thank the gentleman from Massachusetts.

Mr. MORRIS of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Oklahoma.

(Mr. MORRIS of Oklahoma asked and was given permission to revise and extended his remarks.)

Mr. MORRIS of Oklahoma. First, I want to compliment the gentleman for taking the time to discuss this very important matter. I also want to compliment the distinguished gentleman from West Virginia for the fine statement he has made and for his liberality in yielding to the rest of us who are interested, and for the fine statement I know that will follow after those who have been yielded to have concluded.

First, I would like to read rather hurriedly a statement I picked up last year that expresses this matter in a nutshell better than I can, and then I would like to make just a very brief comment:

The entire Nation has a stake in helping hundreds of thousands of our fellow citizens restore their depressed communities to a state of economic health. Federal aid is needed not for humanitarian reasons alone; the creation of suitable employment for displaced workers can add billions of dollars to our national output while eliminating the vast social costs of sustaining thousands in idleness.

There are over a hundred American communities today which have been officially declared to be economically sick. Sometimes

the word "depressed" is used, sometimes "distressed," sometimes "area of substantial surplus." Whatever language is used, these are the areas that have not known in recent years anything of prosperity. They are the victims of raw material exhaustions, technological changes, shifting product demands, changes in Government programs.

Whatever the specific cause may be, it can't be solved by a local effort alone; nor can hundreds of thousands of people simply be told to pack and move on. Each of these areas has been affected by trends in the national economy, and it is the responsibility of the whole Nation to help such areas.

Now I would like to make this very brief comment.

Mr. Speaker, I am serving my 10th year in Congress now. I am one Member of the House who has always, ever since I have been here, voted against so-called foreign aid. I am not fussing with anyone who does vote for it; God bless those who do. I know they are acting in good faith and believe they are doing the wise thing. And, I believe I am doing the wise thing in voting against it. I know it has done a lot of good, but there is a lot of bad in it also. And I believe the bad outweighs the good.

But I ask all of you this question, What in the world is foreign aid but foreign relief?

What is it but relief to distressed areas? That is the purpose of it, to relieve distressed areas in the world. And now we come to the distressed areas in our own country. And yet so many good people cannot see their way to go along with it. I cannot conceive, in my own mind, why anybody would vote these billions and billions and billions of dollars for distressed areas over the face of the earth and then not be willing to vote some reasonable amount for distressed areas in this country.

Mr. Speaker, this final word and I shall have concluded. I know that it costs a lot of money to run this Government. I know taxes are high. Nobody is more opposed to unnecessary, high taxes than I am. But let me call your attention briefly to the budget that the President presented to us. This document I hold is entitled "Federal Budget in Brief" and it is put out by the Bureau of the Budget. I know that when the Appropriation Committees work their will on it and when Congress finally works its will on it there will be some changes. I do not know how much of a change there will be, but the final amount will no doubt be substantially the same.

The total of the budget presented to us for the fiscal year 1961 is \$79.8 billion. For major national security of our country the amount is \$45.6 billion. For veterans \$5.5 billion. For interest on the public debt which was created largely by past wars, \$9.6 billion. When you add them all up—and I think my figures are not incorrect—to pay for our defense—and God knows I am for that, I would not pinch 1 penny against our national defense—but to pay for our national defense it is costing us this tremendous amount of money. Including what it costs us for past wars, it adds up to a total of \$60.7 billion. When you subtract that from \$79.8 billion, that

leaves only \$19.1 billion to do everything in this country; to take care of the agricultural program, to run other parts of the Government, to do everything else.

So I say it is high time that we spend a little money under this kind of legislation. I am strongly in favor of it.

I thank the gentleman for his liberality in yielding to me and others.

Mr. BAILEY. Mr. Speaker, I thank the gentleman. At this time I yield to the gentleman from Pennsylvania [Mr. SAYLOR].

Mr. SAYLOR. Mr. Speaker, I would like to take this opportunity to join my colleagues in commending our distinguished colleague the gentleman from West Virginia [Mr. BAILEY] for taking the leadership in the discussion of this very important piece of legislation which will be called up on the floor on Wednesday of this week under a rather unusual procedure, unusual in the sense that while it is provided for in the rules of the House and could be used every Wednesday, it is used only very occasionally.

I certainly hope that all the Members of the House will pay particular attention to the remarks of the majority leader [Mr. McCORMACK] as to what devices might be used to frustrate the use of this unusual procedure on Wednesday, and to see to it, when they cast their votes on any matter coming up on Calendar Wednesday, that the Committee on Banking and Currency will have the opportunity to get this distressed area legislation discussed fully on the floor.

I believe that if the members of the committee and the men and women who come from areas of the country which will be benefited by this bill are given a reasonable opportunity to express their views, the House overwhelmingly will vote on Wednesday to pass this legislation.

Mr. BAILEY. Mr. Speaker, I thank the gentleman from Pennsylvania; and at this time I yield to the gentleman from Missouri [Mr. CARNAHAN].

Mr. CARNAHAN. Mr. Speaker, all of us here in Congress are heartened when we learn of the decline in unemployment across the Nation. However, the problem of unemployment is still with us and the latest released figure of the Department of Labor's Bureau of Labor Statistics gives us a national total of 4,206,000 unemployed. This is entirely too many people out of work in a nation of our strength, economic potential, and democratic concern for the welfare and prosperity of all its citizens. The Nation cannot truly be considered to be economically healthy as long as there are over 4 million out of work and thus unable to adequately support themselves or their families and dependents.

There is along with this problem of people out of work and unable to find work, an equally compelling problem. It is just as devastating to the economic well-being of this Nation. I refer to the problem of underemployment.

The Ways and Means Committee has been holding extensive sessions on various proposals to amend the Social Security Act. I am sure that many of you join me in the hope that legislation

might result from these actions by this committee which would strengthen and improve our unemployment insurance system. In spite of the general economic conditions that may exist in the Nation at any particular time, I have long felt that we need Federal standards for unemployment insurance equally applicable across the country. Adjusted nationwide standards for unemployment insurance payments will help to reduce the tragic impact of any future large-scale declines in our total economic activity that might occur and will help provide for persons willing to work and who lose their jobs through no fault of their own.

Along with this problem of unemployment is something else to give us concern: unemployment tends to be concentrated in a number of areas throughout the Nation. These same areas resisted the upward trend following World War II and in good times and bad times they have persisted in remaining chronic blights on our national economic picture.

Mr. Speaker, it is my firm conviction that we cannot ignore the obvious need to assist these communities in lifting themselves out of this economic quagmire. These people must be helped to broaden and expand their economic base so that they can provide adequate support for their families and actively participate in the general economic growth of the country. This is dictated not only by the needs of the Nation but by a compassionate and humanitarian conviction that every American should have full opportunity to support himself, his family and dependents and enjoy some of the obvious luxuries made possible by this marvelous new age of technological expansion. There are areas within this Nation where this is denied otherwise healthy and willing workers. This situation has existed long enough to be taken out of the classification of temporary dislocation and viewed as genuine distressed areas. To be sure we have licked some of the problems of inflation, recession, and continued economic growth and expansion and we can take credit for it but we cannot refuse to face these stubborn areas where people still must eat, pay rent, send their children to school and meet the thousand and other other necessities required by daily living.

The key to this problem is in my mind not found in the field of excessive grants, hand-outs, subsidies, or relief in the form of surplus foods. The key is summed up in these very simple words, "to help these people to help themselves." This Government here in Washington cannot solve the problem as such in totality but it also cannot refuse to provide a helping hand to lend necessary impetus to put these areas once again on the credit side of the national ledger. While these communities across the Nation have their current distress as one element in common, there is no one program adequate to meet all the need. The implementation of this proposed legislation must indeed provide for the individual needs of individual localities.

Indeed, the Congress has not been idle in this matter and it is a matter of rather deep disappointment to me to

have to retrace our steps this year. Congress has been dealing with this proposed legislation for a number of years, beginning with 1949, when S. 2881 was introduced to implement the Employment Act of 1946 and provide specific aids to areas of serious unemployment. A similar measure was introduced here in the House in 1950—H.R. 7444. Various other proposals have been in either one or both of these legislative bodies since that time. Toward the end of the 85th Congress, the Congress passed an area redevelopment bill which was subjected to a Presidential veto. This program would be well on its way today, making this action unnecessary, had it not been for this veto by the Executive.

Early in this Congress the Senate took the initiative and reenacted a bill similar to the one vetoed. This bill, S. 722, is before us again, and, allowing further delay, would merely tolerate postponing a job which America needs and needs now.

S. 722 is, in my mind, a very carefully thought out bill and is certainly diverse enough to help meet the diverse needs of these peoples residing in these distressed areas.

This bill, Mr. Speaker, would provide for the following:

First. Provide \$200 million for low-interest Federal redevelopment loans to help construction of new plants.

Second. Set up another \$175 million for Federal grants and loans that would be used to help improve water and sewerage systems which are needed to attract and hold industry.

Third. Establish under the Health, Education, and Welfare Department, a vocational training program—with limited subsistence payments—for unemployed workers.

Fourth. Deny aid to runaway employers who might try to relocate in a depressed area at the expense of creating unemployment elsewhere.

Or, to put it another way, S. 722 provides for technical assistance to plan the redevelopment of a community, loans to business firms locating or expanding in these areas, the development of needed public facilities, training and retraining of the labor force in depressed areas, and urban renewal.

The very first thing needed in such a proposed program as this outlined in S. 722 is to inventory the human and physical resources of the community. Only after the people of a given community have had an opportunity to properly appraise their economic potential can they plan exactly what type of industry can best prosper in that community. We do have an Office of Area Development in the Department of Commerce and the Bureau of Employment Security in the Labor Department which seeks to assist in this area. But their resources are entirely too inadequate to perform a job the size of the one which gives us concern here now. The proposals in S. 722 would appropriate money to expand technical facilities to help depressed areas develop a positive program geared to the peculiar and particular needs of their own locality.

As is the case in many of these areas where the problem of chronic and persistent unemployment goes back several

years, many of these chronically depressed communities have either depleted or do not otherwise have the needed financial base to attract new industries. This program provides for the establishment of a revolving fund from which the depressed communities could borrow money at a reasonable rate of interest to improve their public facilities. Grants are given only in those cases where deterioration has become so severe that the economic base has dropped to the level where taxes cannot be further levied to pay the interest for this program. Only in these cases does this bill involve grants.

Credit ratings suffer when an area is long distressed with serious unemployment. New capital is not so venturesome and not as willing to take such risks. The problem of obtaining credit becomes acute. It is for this reason that the bill provides for a revolving fund from which businesses locating in or expanding in these areas would be able to obtain loans. Two separate revolving funds are involved in this bill: One for industrial communities and the other for rural areas where income is commonly low and underemployment prevails.

There is yet an equally important phase of this proposal—the training and retraining, where necessary, of the people to man these jobs and run these machines and staff these industries. This holds particularly true in rural areas desiring new industry, that there is frequently a lack of trained personnel available for new plants. In industrial areas which are suffering from persistent unemployment and its consequent hardships we find that many people formerly excellently trained in their fields have reached a point where their skills and training and experience have become obsolete because of changes in consumer habits or new technological developments or because of depletion of resources or changes of industrial location. S. 722 would provide for the establishment of training facilities in these areas to equip the labor force to accept new jobs. This means that where people have been unemployed for substantial periods of time that there is oftentimes no money available to undergo a period of retraining. This proposal provides that individuals going through a period of retraining transition would be considered eligible for subsistence payments during such a period but not for longer than 13 weeks. This could become a very expensive program but certain safeguards have been written into the bill. The program would be limited to the expenditures of \$10 million a year. This is good, because since it is a new program it would allow for an evaluation of the program to determine the effectiveness of subsistence payments and at the same time meet any objections to budgetary requirements by holding down outlays to a bare minimum.

Finally, this program would also deal with the question of blighted commercial areas. This is presently limited primarily to residential slum areas.

It is to be noted that the appropriations to be asked for in carrying out this

bill is not an annual amount but represents the total extent to which it is felt we must go to put these depressed areas back on their feet and able to participate in full employment and the nationwide prosperity which generally prevails throughout the country. Let it be emphasized that most of the funds called for in this proposal are not really an expenditure and thus a burden on the taxpayer. This is basically a program of low-cost loans and it has been the experience of the RFC and the Small Business Administration that similar loans have been repaid in full and the interest the borrowers of these funds pay will be in excess of the interest the Government pays for borrowing its own money. This major provision of the bill will not constitute any burden on the taxpayer. Of course, good bookkeeping would require that these funds appear as an additional budgetary outlay but any overzealousness to balance the budget leads me to stress this point, lest we be treated to a repetition of the veto of the last Congress.

There is within my own district, Mr. Speaker, such distressed areas. The Flat River area within what is known as the Lead Belt needs this bill. The Bureau of Labor Statistics informs me that as of December 1959 there were 2,700 people out of work in this area. This constitutes 9.5 percent of the labor force.

Another factor of equal importance, not only in my district but in hundreds of others across the Nation, is the decline in the parity ratio figure for farmers. I checked just this week with the Department of Agriculture about this. The parity ratio is still declining. This parity ratio is the relation of the prices the farmer receives to the prices he has to pay. In 1958 this figure was set at 85 percent. In May 1959 it had dropped to 82 percent. As of April 15, 1960, a further decline to 80 percent was recorded. Millions of farmers continue, in the face of such pressure, to leave the farms. Forced off the farms, they must have other opportunities to make a living, and this bill is urgently needed to help provide such opportunities. In fact, Mr. Speaker, much of the Eighth Congressional District of Missouri, which I have the honor to represent, would qualify as rural redevelopment areas, or areas in which there exists a large number and percentage of low-income farm families which has resulted in a condition of substantial and persistent unemployment or underemployment over a period of years.

Finally, Mr. Speaker, the country needs this legislation. We must help stamp out this national blight. We must plan ahead and make every effort to prevent a reoccurrence of recessions and economic decline. This measure is a basic tool which the Congress has to offer the people of this Nation as we seek to bring the blessings of peace, well-being, economic prosperity, and happiness to each American willing to work and earn a living by the sweat of his brow. This is a bill of substantial value, and I hope that this body will follow the shining example of the other body and give it the support it deserves.

(Mr. CARNAHAN asked and was given permission to revise and extend his remarks.)

Mr. SISK. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from California.

Mr. SISK. I appreciate the gentleman's yielding to me.

As I examined the report I noticed that my own State is at the present time not included in the areas where a depressed condition exists. However, I have a very strong feeling that we do have a responsibility in this legislation and in matters of this kind. I think that anything that tends to help and improve Americans in any part of our country tends to help to improve the lot of all Americans. We in the West have been much concerned for many, many years over the development of arid areas, the development of our deserts, the putting of water on our lands in order to produce the food and fiber which our Nation needs. We deeply appreciate that the Nation as a whole has supported the great program of reclamation in the West. We believe that as our people are able to purchase steel, automobiles, and other materials from the East we help all America. Certainly it is my opinion that this bill should be passed, that these areas should be helped, and that taking care of the situation and improving the economic well-being of these people will help my State of California as it will help every other State of the Union. Even though our State may not be a direct beneficiary, what is good for America is good for every State. Certainly I am happy to support my colleague in support of this bill. I hope that on Wednesday we will be able to move forward with this legislation.

Mr. BAILEY. I thank the gentleman.

Mr. HECHLER. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from West Virginia.

Mr. HECHLER. I thank the gentleman from California for his statement on this situation because this is not a sectional problem, this is an investment in the security of the entire Nation. I join my other colleagues on both sides of the aisle in urging that this important and vital piece of legislation be favorably acted on next Wednesday.

Mr. MOELLER. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Ohio.

Mr. MOELLER. I am sure if I were to poll the people of my district in Ohio relative to the urgency of legislation that would affect my people, this one piece of legislation would be unanimously listed as one of top priority. We are not in a depressed area, we are in a distressed area. We have people in my district who have been out of work for many, many years. The coal mines are closed. The small industries we have have been closed down. People are looking for work and have looked for it for years. We are not interested in just adding a bit to our wealth, we are interested in finding means for some of these people to make an honest living.

I sincerely hope this legislation will get favorable action next Wednesday. I earnestly hope this will not become a political issue. I happen to represent a district that since the Civil War has not until my election elected a Democrat to office. I am sure there would be nothing that would so guarantee my reelection as the administration's strong opposition to this kind of legislation that is helping people who are in dire need.

In one of the counties of my district last year only three new houses were built. Not a soul could think about building a new house. Those who are in business there today say that if they can find a buyer they want to move out. They cannot make a go of it. Primarily, this is going to be assistance by way of loans. Surely, those of us who feel that foreign aid assistance is a good thing—and I feel it is—but until the people in my district get some consideration, I cannot support it. Certainly, we ought to be interested in not just giveaways but to make loans to the people in our districts, in these distressed areas, I emphasize, to give them an opportunity to make a decent living.

Mr. BAILEY. I thank my colleague.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. SMITH of Iowa. I commend the gentleman for the hard work he has done on this bill. One of the first things I heard when I came here a year and a half ago was a speech by the gentleman from West Virginia on this very problem and he has spoken about this problem many times ever since. As long as we have a free enterprise economy, which I hope is forever, we will always have a few depressed areas or pockets within the prosperous economy even. Certainly, the gentleman is to be commended for working for this kind of legislation.

Mr. O'HARA of Michigan. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. O'HARA of Michigan. Mr. Speaker, I commend the gentleman from West Virginia for taking this time today to bring this matter to the attention of the Members of the House. It is my belief, in the long run no legislation which will be brought before the House during this session of the Congress will be more important than area redevelopment legislation. That is because it calls for an investment in America and for full utilization of our natural resources, both human and plant resources. I am certain, if the House favorably considers this legislation, we will have gone a long way toward helping our country to be a better place in which to live.

Mr. BAILEY. I thank the gentleman from Michigan.

Mr. METCALF. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. METCALF. Mr. Speaker, I, too, compliment the gentleman from West Virginia for his leadership in bringing this to our attention. We have seen in the course of this discussion that this bill is important to every region in America because it not only provides for ur-

ban renewal and redevelopment, but it provides for rural redevelopment.

It has not been pointed out yet, however, that not only may municipalities and States and public bodies borrow for the facilities covered in this bill, but Indian tribes may participate. I come from a State where there are several Indian tribes. Those Indian reservations are among the most depressed and underdeveloped areas in America. This bill will provide that those people, too, may borrow money to help themselves to develop their resources and, thus, take a burden off the taxpayers of America. It would be very unfortunate if all of these matters were not thoroughly discussed and debated next Wednesday, and if a motion for consideration would fail and the House should turn down an opportunity to discuss and explain and debate this bill. I hope we will be able to consider it and bring out all of the wonderful things that can be done by the people for themselves under this legislation when we have this bill on the floor next Wednesday.

Mr. BAILEY. I thank my colleague.

Mr. McGOVERN. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from South Dakota.

Mr. McGOVERN. Mr. Speaker, I, too, commend the gentleman on his leadership in this field.

Mr. BAILEY. Mr. Speaker, I yield to the gentleman from Maine [Mr. OLIVER].

Mr. OLIVER. Mr. Speaker, it seems to me that this problem which is being discussed this afternoon goes far beyond the interest of any district or any State. It is national in its scope. It seems to me that persistent unemployment is like pernicious anemia in its poisonous result. It costs increased taxes. It costs far more to tolerate it than to correct it.

I ask unanimous consent, Mr. Speaker, to insert in the RECORD a statement I made before the Committee on Rules when I tried to get a rule from that committee to consider this under the usual procedure. That attempt did not have much effect on the Committee on Rules as is evidenced by the fact that we have to be here for Calendar Wednesday. It may be worthy of consideration by some of the other Members. I hope it will have more effect on some of the other Members than it had on the Rules Committee who refused to give us a rule for consideration of this measure.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

(The statement follows:)

Mr. Chairman, on behalf of the citizens of the First Maine Congressional District, I appreciate this opportunity to comment briefly on S. 722, as reported by the House Banking and Currency Committee.

Not only in the interests of my district and the State do I urge a rule for consideration of this bill as soon as possible, but I also urge action in the best interests and general welfare of the Nation.

To pinpoint the need for this legislation so far as Maine is concerned, I quote from the March 1960 newsletter of the Maine Employment Security Commission. In that report, we find the rate of insured unemployment was 8.2 percent which placed my State among

the eight highest in the country. The other States with this high rate of unemployment include Alaska, Arkansas, Idaho, Montana, North Dakota, Washington, and West Virginia. In January the rate reached 8.9 percent. This compares with 5.8 percent as the nationwide rate of unemployment in March. By prerecession standards, current unemployment is comparatively high—about 45 percent above the average of 1956–57 mid-winter levels.

Nationally, persistent unemployment is like pernicious anemia in its poisonous results. It is corrosive and it is infectious. It prevents full employment. It causes increased taxes. It has a snowballing effect. It costs far more to tolerate it than it would to correct it.

S. 722 primarily provides a revolving loan fund for the extension of credit to help communities help themselves. In effect, it is an investment in economic health to save the cost of involuntary idleness and underemployment.

I do not look upon this bill as an anti-recession or depression measure, but as a full employment bill to put into production our human and natural resources, so that America can move ahead toward the growth and expansion to which our people are entitled. If we consider the bill and its purpose in this light, it then is not a burden but a stimulus. It removes the drag on our economy and we all benefit. It is, in fact, a point 4 program for the communities of this Nation and will raise the economic levels on the constructive, productive basis to which every area of this country is entitled.

No section of the country is immune to changes in technology. Tomorrow, a change in a defense weaponry system could mean that the economy of an entire State could be undermined. Any extensive decrease in defense expenditures would have the same effect.

In fact, the initiation of this redevelopment program could serve to prevent economic collapse in many defense contracts or military dependent areas when, as and if, contraction of defense efforts develop.

Sanford-Biddeford-Saco and Portland, communities in my district, have known the adversity caused by industrial operations folding up. Sanford, especially, hit in 1954 through the cannibalistic liquidation of its one prosperous industry by a hungry textile giant, has been struggling ever since to lift itself by its own bootstraps. Through the courage of its leaders and their persistent and unselfish efforts, the town has been successful in replacing 50 percent of the jobs lost through industrial greed. Sanford was highly publicized as "the town that refused to die." If S. 722 had been on the books at that time, I feel confident that the complete job of rehabilitation would have been accomplished in much less time.

This legislation has received rough treatment, primarily, in my opinion, because of the improper and unfounded interpretations which have been placed upon it. Simply stated, the purpose of the bill is nothing more or less than the establishing of Federal mechanism to work along with State, area and local industrial development groups to create productive jobs based upon natural and human resources of the various communities of America which today are idle and substandard in every respect through no fault of their own. Unless action of this kind is made possible through the enactment of this legislation, the problem will grow increasingly worse. I urge this committee, Mr. Chairman, to grant a liberal rule so that the House may work its will on this issue.

(Mr. OLIVER asked and was given permission to revise and extend his remarks.)

Mr. BAILEY. I thank the gentleman from Maine.

I now yield to the gentleman from New York [Mr. STRATTON].

Mr. STRATTON. Mr. Speaker, I join with my colleagues in commending the gentleman from West Virginia in his struggle to get this legislation before the House for favorable consideration.

I do not know of a piece of legislation that is before us in this session which is more important or more vital than the distressed areas bill, which we are hopeful will be brought before the House for consideration, as the gentleman has pointed out, on Wednesday next.

Shortly after coming to this body I was happy to join with the gentleman as cosponsor of that legislation, and I have been happy to work with the bipartisan group in this House to get it enacted.

I represent three of the most critical unemployment areas in the State of New York. The cities of Amsterdam and Gloversdale, in the heart of the glove-making industry, and one of the three major areas, Schenectady, the home of General Electric Co.

This issue was a major issue in the campaign 2 years ago. The people are still crying for action by this body.

I was home in my district over the weekend. I spoke in Amsterdam over the weekend, and I told them I thought I would have some good news to report. I hoped we would be able to bring this legislation to the floor on Wednesday. The people I talked to shook my hand with tears in their eyes, and said, "Sam, I hope you can go down and get that bill out, because we need it in the city of Amsterdam." In spite of all they have done to help themselves, it is not enough.

I hope and pray we will get this legislation approved. I join with the great majority leader here in the belief that this legislation is for the good of the whole Government. You cannot have pockets of unemployment without destroying the country as a whole. This is an economic cancer. This is the only kind of legislation that will deal with that cancer.

I might say that it does not make sense to give away billions of dollars to foreign countries while we continue to neglect our own citizens in this country. In spite of the fact that I am strongly in favor of the basic principle of foreign aid, I joined with the gentleman from Ohio and other Members of this House in voting against the legislation this year in protest of the fact that we could not get a rule from the Rules Committee for consideration of this legislation. I hope we will get this bill out and get it passed on Wednesday.

Mr. BAILEY. I thank the gentleman from New York.

I yield to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Speaker, a moment ago the gentleman made mention of the fact that the Committee on Agriculture and the Committee on Armed Services might accept the call on Calendar Wednesday. I hope, as he does, that the Committee on Agriculture will

not accept the call. And I just want to say this to the Armed Services Committee, that tomorrow we meet at 10 o'clock, and I understand that a bill will be considered at that time for the purpose of being brought up on Calendar Wednesday by the chairman of the Armed Services Committee. Let me assure the gentleman from West Virginia and likewise by colleague from Pennsylvania that tomorrow morning we will fight this issue out in the Armed Services Committee, because we do not want the Armed Services Committee to be employed as a tool for the purpose of forcing off of this floor a bill that will bring relief to 875,000 unemployed in 177 chronic areas in this country.

Mr. BAILEY. Mr. Speaker, I yield to the gentleman from Iowa [Mr. JENSEN].

Mr. JENSEN. Mr. Speaker, I have enjoyed very much the colloquy between the gentleman from West Virginia and our other colleagues relative to this important and pressing matter. I could not help but think, however, as I sat here listening to these remarks that the gentleman from West Virginia [Mr. BAILEY] has often taken the floor and opposed the imports which are coming into this country. The gentleman has explained why there were depressed areas in his district, which was because of the imports which were coming in over a very low tariff wall, and I have agreed with him perfectly.

Is it not a fact, I ask the gentleman from West Virginia, that we will have this situation of depressed areas with us until kingdom come unless we raise our tariff walls on many of these commodities that are flooding this country and causing these depressed areas?

We have the problem of imports depressing our prices not only in the industrial field but also there has been a flood of agricultural commodities coming into this country that has created to a very great degree the farm problem that is with us today.

Mr. BAILEY. I am advised that the imports of agricultural products into this country exceeded our exports of agricultural products.

Mr. JENSEN. Oh, yes; this last year.

Mr. BAILEY. It probably has over successive years. The gentleman from Iowa in his statement has, in my opinion, pointed out one of the major reasons that has caused these soft spots in our economy. They can be laid right at the door of our trade policy.

Mr. JENSEN. I am sure the Congress of the United States has the responsibility of passing a tariff to protect American industry and American agriculture and American labor. A few years ago I was told that Karl Marx, the daddy of the Communist ideology, stated a short time before he passed on that he favored free trade for all the world. They asked him why. He said, "Because that would be the quickest way to communize the world." They asked, "How?" He said, "By leveling us all out to one standard of living."

Unless we raise this tariff wall I feel that Karl Marx is going to have his way. How long is this House, this Congress, going to sit idly by and let this condition exist? Yes; we have the Smoot-Haw-

ley bill that everybody has criticized—that is, not everybody, but a lot of folks—but we have never repealed that law to this day. We have, however, been chopping away at it with this reciprocal trade treaty which is, in effect, not reciprocal at all. We lower our tariffs and then many of the other nations raise their tariffs to protect their own people, their laboring people.

How much longer are we going to sit idly by? This Congress should, at the first opportunity, and that should be before we adjourn, pass a tariff act, or not a tariff act, but leave the Smoot-Hawley Act as it is, tell the President, the State Department, and everybody else that has anything to do with tariffs that we will from this day on after the law is passed raise the tariffs at least 50 percent on everything that is shipped into this country which is creating all of these depressed areas, or most of them. That would cost us nothing, not a single dime, and most of these depressed areas would become prosperous areas within 6 months after we passed such a law.

How long are we going to sit idly by and let this condition continue to exist?

Mr. BAILEY. I thank the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Iowa.

Mr. GROSS. I thank the gentleman for yielding to me. The gentleman from Iowa [Mr. JENSEN] is saying to the gentleman and those who support this bill that they have the cart before the horse. Let us pass legislation that causes the situation. Let us quit dealing in effects and pass some legislation that deals with causes and not effects.

Mr. FLOOD. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. My position, of course, is well known to both gentlemen from Iowa and the gentleman from West Virginia on reciprocal trade agreements. But I cannot yield to the last speaker from Iowa and agree with him that the horse to which my friend from West Virginia refers is dying. I think of the old story of the circus clown. He taught his horse to do all kinds of tricks. Then he thought he would teach the horse not to eat because it was pretty expensive. By golly, he did teach the horse not to eat, but it died.

Mr. BAILEY. I thank the gentleman from Pennsylvania.

May I in conclusion, Mr. Speaker, read just a closing paragraph to pinpoint this matter.

I call the attention of my colleagues to the fact that back as early as 1956 there was legislation considered and passed by the other body to provide in certain areas a redevelopment program. That bill was passed by the Senate, but never got beyond the Rules Committee of the House. Two years ago we succeeded, after the Senate passed a bill, in getting that bill out of the Rules Committee. It was approved by the House, but vetoed by the President.

Now, the Senate has passed an area redevelopment bill. Our bill in the

House here is only about half as costly as the one proposed by the Senate. I think maybe in this particular economic situation we can certainly justify giving those things to the people in these soft spots in our economy that we are giving to the peoples of the underdeveloped countries abroad.

Mr. EDMONDSON. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. Would it not be more accurate to say that the excess in this bill over the bill recommended by the President comes within a very few million dollars of being the amount which the House trimmed from the President's budget request for foreign aid?

Our action on the reduction of foreign aid would provide additional funds to make up the difference to finance this area redevelopment act.

Mr. BAILEY. I think the figures are somewhat similar, I am pleased to say to the gentleman.

Mr. FLOOD. I might point this out to the gentleman from Oklahoma. The administration of chapter 6 of this bill calling for a \$75 million loan in the industrial section only, the technicians advise me under the provisions of the bill, as a revolving fund, will produce, when loaned and revolved and paid, \$225 million, which will make the bill, with that one chapter, more than pay for itself, as is the tradition in the FNMA operation of mortgages.

Mr. BAILEY. I thank the gentleman.

(Mr. BAILEY and Mr. FLOOD asked and were given permission to revise and extend their remarks and to include extraneous matter.)

Mr. LIBONATI. Mr. Speaker, I agree implicitly with the gentleman from West Virginia [Mr. BAILEY] that the depressed areas bill is one of the most important pieces of legislation to be acted on by the Congress at this session.

It is ironical that anyone would seek to defeat this much needed legislation for areas that are in distressed circumstances.

The honesty of purpose of a nation lies in its consistency to give to its citizens at least those economy advantages and concern that in its leadership it has provided for and assumed for foreign areas; the freedom loving nations as well as captive nations.

The loans under this bill are an investment in American citizens and their communities. The financial responsibility is guaranteed under the stimulated industrial growth of these communities and the added stability it gives to the economy.

Every American is entitled to employment—this bill will insure that employment. To destroy the chance to bring about this economic stability to insure employment is to weaken the future of our national policy in the foreign mutual security and aid funds that the Congress has falteringly enacted in the past. The decision of the administration should be to favor this legislation.

Mr. WALTER. Mr. Speaker, the House on Wednesday will again take up area redevelopment in the form of S. 722. This legislation is basically similar to my

bill, H.R. 1377, which I introduced on January 7, 1959.

In the many conversations I have had on this legislation I found them to be most interested in the economic distress which the State of Pennsylvania and many other areas of the Nation unfortunately find themselves.

Anyone giving serious study to this problem understands that the economic distress which the workers and the communities are experiencing did not result from recessions. They also understand that these conditions will not be improved by economic boom. Areas of Pennsylvania, some in my congressional district, are the victims of our industrial progress. Where this progress develops diesel engines, as substitutes for steam locomotives, the railroads cease to purchase coal and reduce their working force. As other substitutes for coal are discovered, less and less coal is mined, until a mine is completely abandoned, leaving a large percentage of an area's work force permanently unemployed.

This distressed condition is repeated in an area when an industry like textiles shifts to another part of the United States. This same is true when industries, notably steel, permanently reduce their work force through mechanization.

In 1958 it was argued by the opponents of this legislation that the distress was merely the result of the recession and would be greatly alleviated by the economic boom which was predicted. While there was some improvement by January 1959, we are again reaching the peak of disaster. Chronic area unemployment persists in the midst of national prosperity. In Pennsylvania 18.2 percent of the population are unemployed within the the Uniontown-Connellsville area. Only seven other towns in the entire Nation exceed the 18.2 percent rate.

Presently there are in excess of 150 areas in the United States which have been designated disaster areas. I wish that I could report that these comprise all areas of disaster, but, unfortunately, they do not. Many businesses are suffering because they are located adjacent to disaster areas but within a labor market area in which on the whole unemployment continues to be relatively substantial.

Carbon County, Pa., is divided into two labor market areas. All townships of the county not included in the Lehigh-Palmerton labor market area have disaster designations. While the Lehigh-Palmerton labor market area is not designated as a disaster area, many townships within the area are in great distress. Upon my insistence, many companies in this latter area have been issued official labor surplus area certificates for use in bidding on Government contracts.

Mr. Speaker, I am most serious when I state that this administration does not fully understand the problems which these areas face. This legislation is designed to attract new industry or to expand existing industries in the disaster communities. The administration's lack of understanding results in its failure to include in their program provisions

for the rural distressed areas and for the program of retraining. Unless we can train the worker who has spent his working years in the mine in the skills required by other industries, we cannot expect to attract new industries into a mining community. An industry must consider the availability of a qualified labor market and it will not select a community no matter how numerous its advantages if there does not exist an experienced labor market or facilities for training the labor market with the skills the industry demands.

What we are attempting to accomplish through this legislation is less than we have accomplished for our allies abroad. In the case of our allies, we have expended billions in the form of direct gifts with the purpose of putting them back on a sound economic footing. I have supported these programs even though I suspected that when the time came, this administration would not be willing to do for our citizens that which only slightly resembles what the administration has insisted we do for the distressed abroad.

We are doing far less for our citizens by the enactment of S. 722. We are making no Federal handout. We are merely creating revolving loan funds for each industrial redevelopment area, rural development area, and for public facilities to improve commercial opportunities. The Federal Government will be repaid its loans within 30 years and, I might add, with interest. Can an administration which has recommended the gifts of billions of American dollars to alleviate disaster outside the United States again veto a bill which merely authorizes the loan of money to alleviate economic disaster at home?

Mr. Speaker, I urge the passage of S. 722.

LOBBYING AND REPORTING: THE FUTURE OF REPRESENTATIVE GOVERNMENT IN THE UNITED STATES

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Missouri [Mr. CURTIS] is recognized for 40 minutes.

(Mr. CURTIS of Missouri asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. CURTIS of Missouri. Mr. Speaker, for some time I have concluded that the weakest link in representative government today is the reporting back by the people's representatives in the legislative bodies, Federal, Congress, State legislative, and boards of aldermen to the people whom they have been elected to represent.

Like most social developments the credit or blame for a particular development does not rest with any particular individual or group of individuals. The causes are much more complex and impersonal. In the days of the Lincoln-Douglas debates the people's representatives were to a large degree their own reporters to the people whom they represented. The people obtained most of their information of public affairs by

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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HIGHLIGHTS: House passed depressed areas bill. House subcommittee voted to report Federal pay raise bill. Sen. Schoeppel and several Representatives spoke in favor of grain agreement with India.

HOUSE

DEPRESSED AREAS. Passed, 201 to 184, *with amendments* ~~as reported~~ S. 722, to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas. During debate the House rejected three amendments in the nature of substitutes of which one (H. R. 4278), was the administration's proposal. As passed the bill authorizes \$251,000,000 for implementing the program rather than the \$379,500,000 originally proposed in S. 722. pp. 8744-8798

As passed by the House, the bill provides as follows:

Creates an Area Redevelopment Administration as a separate agency of the Executive Branch. Authorizes this agency to designate industrial and rural redevelopment areas (a rural area being any county (1) which is among the 500 counties ranking lowest in level of living of farm-operator families or (2) which is among the 500 counties having the highest percentage of commercial farms producing less than \$2,500 worth of products for sale annually). Authorizes the agency to make loans for industrial projects in industrial redevelopment areas out of a revolving fund of \$75 million, and to make loans for industrial projects in rural redevelopment areas out of another \$75 million revolving fund (these funds to be provided by appropriation). Authorizes the agency to make loans and grants for constructing or improving public facilities, or for purchasing or developing land for public facility usage,

in redevelopment areas. Vests additional authorities in HHFA to assist redevelopment areas. Authorizes HEW to provide information and financial assistance in connection with vocational training programs. Authorizes the Labor Department to pay subsistence up to 13 weeks for persons receiving vocational training.

2. ROADS. The Rules Committee reported a resolution for consideration of H. R. 10495, to authorize appropriations for the fiscal years 1962 and 1963 for the construction of certain highways and forest roads and trails. p. 8800
3. PROPERTY. The Government Activities Subcommittee of the Government Operations Committee voted to report H. R. 1319, to amend the Surplus Property Act so as to eliminate the requirement that property conveyed for historic-monument purposes must have been acquired by the U. S. on or before Jan. 1, 1960. p. D376
This Subcommittee also tabled H. R. 5993 and H. R. 6011, similar bills to permit certain real property heretofore conveyed to the board of supervisors of La. State University and Agricultural and Mechanical College to be used for general education purposes. p. D376
4. LANDS. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 11706, to authorize an extension of time for final proof of qualifications of certain entrymen under the desert land laws. p. D376
5. RECLAMATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 5098, to provide for the application and disposition of net revenues from the power development on the Grand Valley Federal reclamation project, Colo. p. D376
6. MINERALS. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 8860, to stabilize the mining of land and zinc by small domestic producers on public, Indian, and other lands. p. D376
7. PERSONNEL. The Post Office and Civil Service Committee voted to report (but did not actually report) H. R. 9883, the Federal pay raise bill. The "Daily Digest" states that the bill provides "a 9-percent increase for approximately 1,700,000 Federal employees with a minimum increase of \$350 per annum." Regarding ASC committeemen the "Daily Digest" states "it also provides for ASC county committee employees, in addition to the salary increase, retirement and life and health benefits provided under the Federal employees' retirement and insurance programs." p. D377
8. FOREIGN TRADE; SURPLUS COMMODITIES. Reps. Hoeven, Belcher, and Short commended the administration and this Department for their roles in the recent sale of 17 million tons of surplus U. S. wheat and rice to India under provisions of Public Law 480. pp. 8802-3
9. LEGISLATIVE PROGRAM. The "Daily Digest" states that on Thurs., May 5, the House will act on the conference report on H. R. 10401, the Interior and related agencies appropriation bill for 1961, and later will resume consideration of H. R. 11998, the Defense Department appropriation bill for 1961. p. D376

SENATE

0. COMMERCE APPROPRIATION BILL FOR 1961. Receded from its amendment to this bill, H. R. 10234, to prohibit free or reduced-rate transportation of Federal employees by American vessels. The conference report was agreed to May 3 (see Digest No. 80). This bill will now be sent to the President. pp. 8699-704
1. TAMPICO-FIBER IMPORTS. Passed without amendment H. R. 9861, to continue for a temporary period the existing suspension of duty on certain istle and tampico fibers. This bill will now be sent to the President. p. 8712
2. TRANSPORTATION. Passed as reported S. 2452, to permit the establishment of through service and joint rates for carriers serving Alaska or Hawaii and the other States and to establish a joint board to review such rates. pp. 8712-7
3. GRAPES AND PLUMS. Passed as reported S. 1857, to establish minimum standards on grapes and plums in foreign commerce. pp. 8717-8
4. FISH AND WILDLIFE. Passed as reported S. 1781, to continue the authority, now contained in appropriation acts, of the Secretary of the Interior to enter into cooperative agreements with colleges and universities, game and fish departments of the States and territories, and with nonprofit organizations relating to cooperative research units. pp. 8721-2
15. PLANT PATENTS. Passed without amendment S. 1447, to eliminate the exclusion of tuber propagated plants from being patented. Following passage, Sen. Frear inserted a report containing this Department's reasons for not favoring the bill. pp. 8711-2
16. FOREIGN TRADE; SURPLUS COMMODITIES. Sens. Schoeppel and Cooper commended the new agreement between the United States and India, negotiated under title I, Public Law 480, which provides for sizeable increased food supply for India and stockpiling of wheat and rice as a buffer against famine. pp. 8684, 8723-4
Sen. Schoeppel commended the use of surplus agricultural commodities for expansion of world trade. p. 8684
17. FARM PROGRAM. Sen. Carlson inserted a resolution adopted by a Kans. Farmers Union local petitioning Congress for certain changes in the present wheat program. p. 8675
18. NATIONAL PARKS. Sen. Moss submitted an amendment, in the nature of a substitute, intended to be proposed by him, to S. 2894, to authorize the Secretary of the Interior to establish the Great Salt Lake National Park, Utah. p. 8678
19. CONSERVATION. Sen. Murray praised the work being done by the Montana Conservation Council, and inserted an article on the benefits from teaching school children to understand and appreciate the value of conservation. pp. 8685-6
20. TRADE FAIR. Sens. Keating and Javits discussed the New York World Trade Fair, inserted a speech by Sen. Javits and articles on this subject, and expressed the hope that the fair would serve to stimulate America's export trade. pp. 8691-3
21. PATENT POLICIES. Sen. Long discussed patent policy and inserted a table, "300 companies and institutions receiving largest amounts of military research and development contracts in the fiscal years 1954-56." pp. 8704-6

22. EXPENDITURES. Sen. Gruening criticized what he called the administration's "double standard" on spending. p. 8707
23. BUILDINGS; WATERSHEDS. Sen. Chavez inserted a list of building projects approved by the Public Works Committee, under the Public Buildings Act of 1959 and a list of watershed projects approved under the Watershed Protection and Flood Prevention Act. pp. 8707-9
24. BUDGET. Sen. Williams, Del., inserted an article by Sen. Butler giving the results of a "Battle of the Budget" questionnaire which he mailed to 5,000 people in which 90% favored a reduced budget and of those favoring a reduced budget 84% favored reductions in agricultural price supports, 41% favored reductions in natural resources spending, and 37% favored reductions in Government expenses. p. 8710
25. AREA REDEVELOPMENT. Sen. Byrd, W. Va., criticized the President for vetoing last year's Senate and House passed area redevelopment bill and calling for legislation on area development in his recent speech. pp. 8726-7
26. FARM CREDIT. The Agriculture and Forestry Committee favorably reported the nominations of Lester Clyde Carter, Ark., and Robert T. Lister, Ore., to be members of the Federal Farm Credit Board, Farm Credit Administration. p. 8734
27. LANDS; FARM CREDIT. The Agriculture and Forestry Committee voted to report (but did not actually report) S. 3070, to remove the restrictions on use with respect to certain lands in Morton County, N. Dak., H. R. 9818, to convey certain real property of the U. S. to the State of Florida, and S. 2977, to amend the Farm Credit Act of 1933 to provide for increased representation by regional banks for cooperatives on the Board of Directors of the Central Bank for cooperatives.
The Committee also approved the following watershed projects: Brush Creek, W. Va.; Huff Creek, S. C.; Tortugas Arroyo, N. Mex.; Vineland Area., Colo.; and White Clay, Brewery, and Whiskey Creeks, Kans. p. D374
The Public Lands Subcommittee of the Interior and Insular Affairs Committee reported to the full committee with amendments S. 1401, to authorize an extension of time for final proof of qualifications of certain entrymen under the desert land laws. p. D375
28. FEED AND SEED. The Agriculture and Forestry Committee defeated, by a vote of 8 to 8, a motion to report H. R. 6861, to provide for a specific contribution by State governments to the cost of feed or seed furnished to farmers, ranchers, or stockmen in disaster areas. p. D374
29. FORESTRY; MULTIPLE USE. The Agriculture and Forestry Committee considered, but took no final action on, S. 3044, directing that the national forests be managed under plans of multiple use. p. D374
30. LEGISLATIVE PROGRAM. Sen. Johnson stated that on Thurs., May 5, and Fri., May 6, the Senate expects to consider the following: H. R. 9862, relating to duties on certain shoe lathes and containing an amendment to extend the suspension of the import duty on casein until June 30, 1963; H. R. 10550, to extend the Export Control Act of 1949 for 2 additional years; S. 2575, to provide a health benefits program for certain retired employees of the Government; H. R. 8241, to amend certain provisions of the Civil Service Retirement Act relating to the reemployment of former Members of Congress; and H. R. 8289, to accelerate the commencing date of civil service retirement annuities. pp. 8733-4

Jones, Ala.	Milliken	Roosevelt
Jones, Mo.	Mills	Rostenkowski
Judd	Mitchell	Roush
Karsten	Moeller	Rutherford
Karsh	Monagan	Santangelo
Kasem	Moore	Saund
Kastenmeier	Moorhead	Saylor
Kearns	Morgan	Shelley
Kee	Morris, Okla.	Sheppard
Keith	Morrison	Shipley
Kelly	Moss	Sikes
Keogh	Moulder	Siler
Kilday	Multer	Sisk
Kilgore	Mumma	Slack
King, Calif.	Murphy	Smith, Iowa
King, Utah	Natcher	Spence
Knox	Nix	Staggers
Kowalski	Norrell	Steed
Lane	O'Brien, N.Y.	Stratton
Lankford	O'Hara, Ill.	Stubblefield
Lesinski	O'Hara, Mich.	Sullivan
Levering	O'Konski	Teller
Libonati	O'Neill	Thomas
Lindsay	Oliver	Thompson, La.
McCormack	Patman	Thompson, N.J.
McDowell	Perkins	Thompson, Tex.
McFall	Pfost	Thornberry
McGinley	Philbin	Toll
McGovern	Porter	Trimble
Macdonald	Price	Udall
Machrowicz	Prokop	Ullman
Mack	Pucinski	Vanik
Madden	Quile	Van Zandt
Magnuson	Quigley	Wampler
Mahon	Rabaut	Watts
Martin	Randall	Wier
Matthews	Reuss	Wolf
Metcalf	Rhodes, Pa.	Wright
Meyer	Rivers, Alaska	Yates
Miller, Clem	Rodino	Zablocki
Miller,	Rogers, Fla.	Zelenko
George P.	Rogers, Mass.	

NAYS—150

Abbitt	Gary	Pelly
Abernethy	Gathings	Pilcher
Alford	Glenn	Pillion
Alger	Goodell	Pirnie
Allen	Gross	Poage
Arends	Gubser	Poff
Ashmore	Haley	Preston
Auchincloss	Halleck	Ray
Avery	Hardy	Reece, Tenn.
Baldwin	Harris	Rees, Kans.
Barry	Harrison	Rhodes, Ariz.
Becker	Hemphill	Riehlman
Belcher	Henderson	Riley
Berry	Hess	Rivers, S.C.
Betts	Hiestand	Robison
Blitch	Hoeven	St. George
Bolton	Hoffman, Ill.	Schenck
Bosch	Hoffman, Mich.	Scherer
Bow	Holt	Schwengel
Brooks, La.	Horan	Scott
Brown, Ga.	Hosmer	Selden
Brown, Ohio	Huddleston	Short
Broyhill	Johansen	Simpson
Budge	Jonas	Smith, Calif.
Byrnes, Wis.	Kitchin	Smith, Kans.
Cahill	Kyl	Smith, Miss.
Cederberg	Laird	Smith, Va.
Chipfield	Landrum	Springer
Church	Langen	Taber
Collier	Latta	Teague, Calif.
Colmer	Lennon	Thomson, Wyo.
Cooley	Lipscomb	Tollefson
Cramer	Loser	Tuck
Curtis, Mass.	McCulloch	Utt
Davis, Ga.	McDonough	Van Pelt
Derounian	McIntire	Vinson
Derwinski	McMillan	Wainwright
Devine	McSweeney	Wallhauser
Dixon	Mailliard	Wels
Dooley	Mason	Westland
Dorn, S. C.	May	Wharton
Downing	Meador	Whitener
Durham	Michel	Whitfox
Everett	Minshall	Widnall
Fisher	Murray	Williams
Flynt	Nelsen	Willis
Ford	Norblad	Wilson
Forrester	Osmers	Winstead
Fountain	Ostertag	Withrow
Frelinghuysen	Passman	Younger

NOT VOTING—43

Adair	Buckley	Grant
Alexander	Burleson	Hébert
Anderson,	Cannon	Herlong
Mont.	Carnahan	Jackson
Andrews	Celler	Jensen
Ashley	Cheff	Kilburn
Barden	Dowdy	Kirwan
Bonner	Forand	Kluczynski
Boykin	Gilbert	Lafore

Marshall	Powell	Taylor
Merrow	Rains	Teague, Tex.
Miller, N. Y.	Roberts	Walter
Montoya	Rogers, Colo.	Weaver
Morris, N. Mex.	Rogers, Tex.	Young
O'Brien, Ill.	Rooney	

So the motion was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Buckley for, with Mr. Herlong against.
 Mr. Rains for, with Mr. Taylor against.
 Mr. Roberts for, with Mr. Weaver against.
 Mr. Rooney for, with Mr. Lafore against.
 Mr. Walter for, with Mr. Bonner against.
 Mr. Rogers of Colorado for, with Mr. Hébert against.
 Mr. Gilbert for, with Mr. Kilburn against.
 Mr. Kirwan for, with Mr. Miller of New York against.
 Mr. Powell for, with Mr. Jackson against.

Until further notice:

Mr. Carnahan with Mr. Merrow.
 Mr. Montoya with Mr. Adair.
 Mr. Morris of New Mexico with Mr. Jensen.

The result of the vote was announced as above recorded.

PARLIAMENTARY INQUIRY

Mr. HALLECK. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Indiana rise?

Mr. HALLECK. To propound a parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state the parliamentary inquiry.

Mr. HALLECK. Mr. Speaker, earlier in the day I addressed a parliamentary inquiry to the Chair to which response was made. The parliamentary inquiry went to the question as to whether or not, as the Senate bill has been reported by the committee, a motion to recommit with instructions would be in order. Mr. Speaker, to further clarify the matter, the committee struck out all after the enacting clause of the Senate bill and substituted a complete amendment, which I take it would be offered if and when the bill were to be read for consideration. Under those circumstances, Mr. Speaker, and in view of the fact that what some of us refer to as the administration bill, introduced by the gentleman from New York [Mr. KILBURN] is now on the calendar, the parliamentary inquiry is whether or not under the rules of the House a motion to recommit with instructions would be in order in order that a record vote could be had on such amendment as a substitute.

The SPEAKER. The gentleman from Indiana has been kind enough to discuss this with the Chair.

On further examining the rules and precedents of the House, under the situation as it exists, when we go into the Committee of the Whole and the amendment is adopted, and then agreed to in the House, the rules are that a motion to recommit with instructions will not be in order.

Mr. HALLECK. In other words, Mr. Speaker, if the committee amendment is adopted in the Committee of the Whole, then there would be no method by which a record vote could be had on a substitute for that amendment.

The SPEAKER. That is correct.

Mr. HALLECK. One further parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. HALLECK. In the event that the motion to consider the bill should not prevail in the House, would it still be possible if a rule were reported by the Rules Committee for the bill to be brought before the House at a later date under a rule?

The SPEAKER. The Chair would think the House could adopt any rule reported by the Committee on Rules.

The Chair will state to the gentleman from Indiana and to the House that when we reach the point of approving the Journal, the Chair will then order a call of the committees; and when the Committee on Banking and Currency is recognized and the gentleman from Kentucky [Mr. SPENCE] presents his bill, when the title of the bill is read the House automatically resolves itself into the Committee of the Whole.

Mr. HALLECK. But is a motion necessary to consider the bill?

The SPEAKER. The question of consideration can always be raised.

Mr. HALLECK. And on that, of course, it would be possible to have a record vote in the House.

The SPEAKER. In the opinion of the Chair, that would be correct.

Mr. DAVIS of Georgia. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DAVIS of Georgia. The Chair has just stated—I believe I understood it this way—that when the bill is called up by the chairman of the Committee on Banking and Currency and the title is read the House automatically resolves itself into the Committee of the Whole.

The SPEAKER. That is the rule.

Mr. DAVIS of Georgia. But the motion raising the question must come before the title of the bill is read.

The SPEAKER. After the title is read.

Mr. DAVIS of Georgia. Sir?

The SPEAKER. After the title is read.

Mr. DAVIS of Georgia. There would still be time enough for it before the House automatically goes into the Committee of the Whole.

The SPEAKER. That is correct.

Mr. McDONOUGH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McDONOUGH. Referring again to the Speaker's reply to the gentleman from Indiana, the administration bill cannot be considered as anything other than an amendment to the committee bill in the Committee of the Whole.

The SPEAKER. That is correct. It cannot be offered as a motion to recommit with instructions.

Mr. McDONOUGH. But it can be offered as an amendment to the committee bill in the Committee of the Whole.

The SPEAKER. If it is germane; yes. The Clerk will continue reading the Journal of yesterday.

The Clerk continued the reading of the Journal.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that further reading of the Journal be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Journal of the proceedings of yesterday as read stand approved.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

AREA REDEVELOPMENT ACT

The SPEAKER. This is Calendar Wednesday. The Clerk will call the committees.

Mr. SPENCE (when the Committee on Banking and Currency was called). Mr. Speaker, I call up the bill, S. 722, to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

The Clerk read the title of the bill.

Mr. HALLECK. Mr. Speaker, I raise the question of consideration.

The SPEAKER. The gentleman from Indiana raises the question of consideration. The question is, Will the House consider the bill?

Mr. SMITH of Virginia. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 220, nays 171, not voting 39, as follows:

[Roll No. 77]

YEAS—220

Addonizio	Dent	Inouye
Albert	Denton	Irwin
Anfusio	Diggs	Jarman
Aspinall	Dingell	Jennings
Ayres	Donohue	Johnson, Calif.
Bailey	Dorn, N. Y.	Johnson, Colo.
Baker	Doyle	Johnson, Wis.
Baring	Dulski	Jones, Ala.
Barr	Dwyer	Jones, Mo.
Barrett	Edmondson	Karsten
Bass, Tenn.	Elliott	Karth
Beckworth	Evins	Kasem
Bennett, Fla.	Fallon	Kastenmeier
Bennett, Mich.	Farbstein	Kearns
Bentley	Fascell	Kee
Blatnik	Feighan	Kelly
Boggs	Fenton	Keogh
Boland	Fino	Kilday
Bolling	Flood	Kilgore
Bowles	Flynn	King, Calif.
Brademas	Fogarty	King, Utah
Bray	Foley	Kirwan
Breeding	Frazier	Kowalski
Brewster	Friedel	Lane
Brooks, Tex.	Fulton	Lankford
Brown, Mo.	Gallagher	Lesinski
Burdick	Garmatz	Levering
Burke, Ky.	Gavin	Libonati
Burke, Mass.	George	Lindsay
Byrne, Pa.	Glaimo	McCormack
Canfield	Granahan	McDowell
Casey	Gray	McFall
Celler	Green, Oreg.	McGinley
Chamberlain	Green, Pa.	McGovern
Clark	Griffiths	Macdonald
Coad	Hagen	Machrowicz
Coffin	Halpern	Mack, Ill.
Cohelan	Hargis	Mack, Wash.
Conte	Harmon	Madden
Cook	Hays	Magnuson
Corbett	Healey	Mahon
Curtin	Hechler	Matthews
Daddario	Hogan	Metcalf
Dague	Holifield	Meyer
Daniels	Holland	Miller, Clem
Davis, Tenn.	Holtzman	Miller,
Dawson	Hull	George P.
Delaney	Ikard	Milliken

Mitchell
Moeller
Monagan
Moore
Moorhead
Morgan
Morris, Okla.
Morrison
Moss
Moulder
Multer
Mumma
Murphy
Natcher
Nix
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
O'Konski
O'Neill
Oliver
Patman
Perkins
Pfost
Philbin

Porter
Price
Prokop
Pucinski
Quigley
Rabaut
Randall
Reuss
Rhodes, Pa.
Rivers, Alaska
Rodino
Rogers, Mass.
Roosevelt
Rostenkowski
Roush
Rutherford
Santangelo
Saund
Saylor
Shelley
Sheppard
Shipley
Siler
Sisk
Slack
Smith, Iowa

Spence
Staggers
Steed
Stratton
Stubblefield
Sullivan
Teller
Thomas
Thompson, La.
Thompson, N. J.
Thompson, Tex.
Thornberry
Toff
Trimble
Udall
Ullman
Vanik
Van Zandt
Wampler
Watts
Wier
Wolf
Wright
Yates
Zablocki
Zelenko

NAYS—171

Abbitt
Abernethy
Alford
Alger
Allen
Andersen, Minn.
Arends
Ashmore
Auchincloss
Avery
Baldwin
Barden
Barry
Bass, N.H.
Bates
Baumhart
Becker
Belcher
Berry
Betts
Blitch
Bolton
Bosch
Bow
Brock
Brooks, La.
Broomfield
Brown, Ga.
Brown, Ohio
Broyhill
Budge
Byrnes, Wis.
Cahill
Cederberg
Chenoweth
Chipenfield
Church
Collier
Colmer
Cooley
Cramer
Cunningham
Curtis, Mass.
Curtis, Mo.
Davis, Ga.
Derounlan
Derwinski
Devine
Dixon
Dorn, S. C.
Downing
Durham
Everett
Fisher
Flynt
Ford
Forrester

Fountain
Frelinghuysen
Gary
Gathings
Glenn
Goodell
Griffin
Gross
Gubser
Haley
Halleck
Hardy
Harris
Harrison
Hébert
Hemphill
Henderson
Hess
Hiestand
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holt
Horan
Hosmer
Huddleston
Jensen
Johansen
Johnson, Md.
Jonas
Judd
Keith
Kitchin
Knox
Kyl
Lalrd
Landrum
Langen
Latta
Lennon
Lipscomb
Loser
McCulloch
McDonough
McIntire
McMillan
McSween
Mailliard
Mason
May
Meader
Michel
Mills
Minshall
Murray
Nelsen
Norbland
Norrell

Osmer
Ostertag
Passman
Pelly
Pilcher
Pillion
Pirnie
Poage
Poff
Preston
Quie
Ray
Reece, Tenn.
Rees, Kans.
Rhodes, Ariz.
Riehlman
Riley
Rivers, S.C.
Robison
Rogers, Fla.
St. George
Schenck
Scherer
Schwengel
Scott
Selden
Short
Sikes
Simpson
Smith, Calif.
Smith, Kans.
Smith, Miss.
Smith, Va.
Springer
Taber
Teague, Calif.
Thomson, Wyo.
Tollefson
Tuck
Utt
Van Pelt
Vinson
Wainwright
Wallhauser
Weis
Westland
Wharton
Whitener
Whitten
Widnall
Williams
Willis
Wilson
Winstead
Withrow
Younger

NOT VOTING—39

Adair
Alexander
Anderson, Mont.
Andrews
Ashley
Bonner
Boykin
Buckley
Burleson
Cannon
Carnahan
Chelf
Dooley
Dowdy
Forand
Gilbert
Grant
Herlong
Jackson
Kilburn
Kluczynski
Lafore
Marshall
Martin
Merrow
Miller, N. Y.
Montoya
Morris, N. Mex.
Powell
Rains
Roberts
Rogers, Colo.
Rogers, Tex.
Rooney
Taylor
Teague, Tex.
Walter
Weaver
Young

The Clerk announced the following pairs:

On this vote:

Mr. Buckley for, with Mr. Herlong against.
Mr. Rains for, with Mr. Taylor against.
Mr. Roberts for, with Mr. Weaver against.
Mr. Rooney for, with Mr. Lafore against.
Mr. Walter for, with Mr. Bonner against.
Mr. Rogers of Colorado for, with Mr. Kilburn against.

Mr. Gilbert for, with Mr. Jackson against.
Mr. Powell for, with Mr. Miller of New York against.

Mr. Montoya for, with Mr. Dooley against.

Until further notice:

Mr. Carnahan with Mr. Merrow.
Mr. Ashley with Mr. Adair.
Mr. Morris of New Mexico with Mr. Martin.

The result of the vote was announced as above recorded.

The SPEAKER. This bill is on the Union Calendar. Therefore, the House automatically resolves itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 722) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, S. 722, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule general debate is limited to 2 hours. The gentleman from Kentucky [Mr. SPENCE] will be recognized for 1 hour, and the gentleman from California [Mr. McDONOUGH] for 1 hour.

The Chair recognizes the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, I am going to take but a few minutes. I think this legislation should be passed by the House. There is an obligation on both parties to act on it. The platform of both parties advocated legislation on the subject. The President has said that it is necessary, and he advocates it.

Underdeveloped areas and depressed areas are dangerous and costly possessions. We recognize that in our foreign relations. We have adopted measures by which foreign countries can obtain funds to develop undeveloped and depressed areas from the International Development Fund, the International Bank for Reconstruction and Development; and the Inter-American Bank.

It is not hundreds of millions of dollars that have been expended to relieve depressed areas in foreign countries, but it is billions. If we are interested so much in the areas of our neighbors why should we be less interested in the same conditions that prevail in our own country?

An underdeveloped area, a depressed area, is not a source of revenue to the country; it is a costly expense. Unemployment compensation payments rise in those areas. It is very destructive to the economy of the Nation. It destroys the will, the courage, and the happiness of the people affected. We realize that in our relations with other nations because

So the House voted to consider the bill.

we know that these areas are not only a menace to the people where they exist but they are also a menace to world peace, because they are the spots where usually dissensions start that cause wars, and we now how rapidly wars can spread.

I hope that the consideration of this bill will be expeditious, that we will come to some conclusion that will be beneficial to our people.

We are considering this bill under an open rule. Any germane amendment will be in order. I trust the proper consideration will be given to the bill, and that we will pass one which will meet with the approval of the people and serve the great purpose that we desire it to serve.

Mr. McDONOUGH. Mr. Chairman, I yield 10 minutes to the gentleman from New Hampshire [Mr. BASS].

(Mr. BASS of New Hampshire asked and was given permission to revise and extend his remarks.)

Mr. BASS of New Hampshire. Mr. Chairman, I, for one, regret the House has seen fit to adopt the little used Calendar Wednesday procedure to bypass the Rules Committee and force action on this particular bill. For this is one case where the committee was completely justified in refusing to give the green light to the bill. As the ranking minority member of the House Banking and Currency Subcommittee which held hearings and marked up this bill last year, I can say that it has so many serious holes we should vote it down in its present form.

One basic defect in the bill is that the criteria for selection of depressed areas fail to identify the really hard core depressed areas which the bill is supposed to help. A year ago when this bill was reported out by our committee, 32 major industrial areas would qualify for assistance. I hold in my hand here the list of industrial areas which today would qualify, just prepared by the Department of Labor. Instead of 32, it shows 44 major industrial areas would qualify. And that would happen despite the fact that 9 out of 10 of the 149 major industrial areas in the United States show employment totals greater than a year ago. In 10 new major areas that would now qualify under this bill, each now has less than 6-percent unemployment. These areas are New York City; Philadelphia, Pa.; Newark, N.J.; York, Pa.; Worcester, Mass.; Corpus Christi, Tex.; Trenton, N.J.; Paterson, N.J.; Birmingham, Ala.; and Portland, Maine.

How come the bill produces this strong result? It is because one of the criteria in the bill for determining a depressed area is an unemployment rate of 6 percent in 18 out of the last 24 months. Whereas these cities have had 6 percent or more unemployment in 18 out of the last 24 months, they have less now, and generally business and economic conditions are still improving. Yet we are classifying them as depressed areas. So this is really not a depressed area bill at all. Instead it is a general relief bill. And I say to you, my colleagues from areas which really have chronic unemployment problems, you who sin-

cerely believe in this approach, you should be both flabbergasted and dismayed to note what would happen under this bill. Hard core depressed areas will see aid intended for them siphoned off into large city areas affected by only slightly less than normal business activity. The reported bill therefore fails to achieve the declared objectives.

Secondly, this bill would authorize the use of Federal funds to entice industry away from one area into another. True, there is a so-called antipirating provision in the bill stating that Federal loans shall not be made to assist "establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment." But just what would amount to "substantial detriment"? For instance, would relocation of an industry providing 100 jobs from New York City to another State result in sufficient "substantial detriment" to New York? How about the same case with Philadelphia or Corpus Christi, Tex.? The truth is that it is impossible to draw the line under this vague provision. If depressed areas are to be redeveloped to the maximum extent possible by the Federal Government, the Federal Government is bound to encourage the transfer of jobs and facilities from one area to another. Otherwise the program of redevelopment would be seriously handicapped. This is precisely the reason why the Senate rejected a stronger antipirating amendment when it passed its \$389 million version last year. But I say it will be a sad day when a new set of bureaucrats in Washington set up in the bill use the long arm of the Federal Government to aid some areas at the expense of others.

I come from the small State of New Hampshire. We certainly are not a rich State. Because of our geographical location, high cost of power, and lack of natural resources, it is not easy to persuade industry to come to New Hampshire. We have seen severe depressions. But we enjoy other advantages, and by our own efforts, with no help from the Federal Government, we have succeeded in attracting many small concerns to our State. Our unemployment ratio has remained consistently under the national average in recent years. Under this bill, thanks to these efforts of ours, we would not qualify for a single cent. Why should we in New Hampshire pay taxes toward a program designed to take industry from our State to another community, or designed to prevent industry from moving into our State by special Federal inducements and enticements elsewhere? Why should we in New Hampshire pay taxes to help locate new industry in New York, Philadelphia, and other much more wealthy communities than any in New Hampshire? This bill would do just that.

So far, I have directed my remarks at the "industrial redevelopment areas" classification. The bill also attempts a program of rural development by attempting to substitute industry for farming in these rural areas. There is much doubt in my mind whether this would

work. In any event, the criteria for determination of rural depressed areas are equally bad. Under this bill more than one-fifth of all the counties in the United States must be designated as rural depressed areas under the bill. These are concentrated in the South. I will bet many of my good friends and colleagues from the South will be surprised to learn so many counties in their districts are depressed areas as listed in the committee report beginning on page 23. Take Texas for another example. I always thought Texas was certainly not depressed. Yet the list on page 27 shows 36 Texas counties as depressed areas. Such results are weird indeed.

Just how far would the \$75 million plant loan fund provided in the bill go toward redevelopment when spread over these 663 counties? When you divide this fund by the 663 counties, you come up with about 23 new jobs per county, based on testimony at the hearings that it takes about \$5,000 to create a new job. No; this is really a cruel gimmick designed to lead many representatives of rural areas into mistakenly assuming their areas will be selected for development. Even Indian tribes are specifically mentioned as eligible in this bill. But we already have an Indian program administered by the Interior Department. All this adds up to a sort of come-on, catch-all, designed to attract the necessary broad support to pass the bill. It is a poor way to legislate and a poor substitute for a better farm program in these rural areas.

This bill originally provided for \$389.5 million to carry out this program. Even the bill's proponents admitted this sum is wholly inadequate to do the job intended. Despite that, our committee cut the bill down to a \$251 million program. Since there is not nearly enough gravy to go around, how, then, is the administrator of this program going to pick and choose between the eligible rural and industrial areas? The answer is that it will be done on the basis of political expediency and favoritism—of rank discrimination in favor of one area against another area. The situation is further aggravated by the fact there is no limitation on the amount of funds that may be loaned or granted to any one State. Pressure will thus be exerted on us as Members of Congress by these communities seeking these grants and loans. But only a fortunate few of us can possibly succeed. I dare say my colleagues from the big cities and big States will come out on top in this game of who can exert the most political pressure.

There are other defects in this bill which are covered in the minority report available to you. I have discussed and emphasized the most serious defects, which I hope will convince you this measure should be voted down in its present form.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. Flood].

Mr. FLOOD. Mr. Chairman, I have been discussing and debating with you for a period of some several years this bill. And the attitude and the temper of the House today I am so pleased and

happy to see makes it unnecessary for me to delay this much too long. I will say this. In the book of Genesis Jacob said to Laban, "When shall I provide for my own house also?" And when the bills on aid for foreign nations come up, which I hasten to support always, I cite you from the Good Book this admonition: "When shall we provide for our own house also?"

Let me read you from 2 days ago the statement by the Chief Minister of India for the distribution of food, in which he thanks the United States of America. I am reading this, drawing an analogy between the depressed areas of my nation and this statement. Listen to this:

Are there going to be two worlds * * * one of them prosperous, rich, and contented, and the other sunk in poverty and despondency? Or is there to be one world where progress is more evenly distributed and where the glaring disparities that we see between country and country in the world of today gradually tend to diminish?

Is this to be one Nation? Is there to be this disparity we admit and we deplore and which no one denies exists, or should this be as this Nation was meant to be?

There is no desire on my part or on the part of the men on both sides of the aisle to have this bill serve other than its intended purpose. There has been no politics involved in this for the years we have been trying to pass this bill. Some of the most distinguished men on the Republican side of this aisle have joined with me and my colleagues on my right to make this law. This is a bill of Republicans and Democrats and Democrats and Republicans. There is no desire on our part to make it anything else.

I say this to my friend from New Hampshire. He knows I have been identified with this legislation since Senator DOUGLAS and I first introduced it years ago. If I thought for 1 minute there was a provision in this bill to take a factory from his town and put it in my town I would vote against it and expect him to do the same. If there is any lingering doubt in his mind or the mind of anybody else, I will expect that to be clarified, and we will have it clarified, and something further.

This hocus-pocus, this gobbledygook about New York and Chicago, technically that is not in the bill, but if you dispute me technically, I have an amendment which will be accepted for those who speak for this side of the committee which will clarify that beyond intelligent doubt. We want a bill. If you want to quibble on the semantics of what may or may not be in this bill, I have heard that done here for years. We do not want to do that. We want this to be a proper bill, not discriminatory, not sectional.

This is a bill aimed primarily at creating a much-needed point 4 program for America.

This is not a handout bill. It is not a giveaway bill. Its philosophy and purpose are to bring about increased productivity, provide needed jobs for millions in chronically depressed areas, rebuild healthy economies in many regions of the country, and revive hope and decent prospects for careers at home

for the young people of those affected areas.

Mr. Chairman, this is a bill to help fight inflation and to bring to our national economic system and defense effort millions upon millions of potential man-hours of production which are now being wasted because people ready, willing, and able to work have to sit it out on the sidelines in painful unemployment.

The administration is much concerned about inflation; well, here is a weapon that can be utilized to help win that fight, the weapon of greater productivity; the Nation as a whole is concerned with our military posture, the state of readiness of our defense and military capacity in an era of push-button weaponry. In these times the Nation can ill afford the loss of production that would accrue to our national wealth and strength if jobs were provided for all the willing workers available throughout the land.

The whole spirit of this bill is positive, creative, and is in the best tradition of American self-help.

Mr. Chairman, if the area redevelopment bill which the last Congress enacted had been signed into law and not subjected to the ill-starred and inglorious fate of a pocket veto, I say to you in all sincerity, the economic health of America would be stronger than it is today.

The harsh fact of the matter is that despite the roseate reports from administration sources that things are getting better day by day, the economic picture is further clouded than it was when the area redevelopment bill was passed by the Congress.

We have only to compare reports of the Department of Labor over the past several years to realize how the need for this legislation has increased with the passing months. It is significant that in May 1956, a total of 23 major labor market areas had substantial unemployment, meaning 6 percent or more of the labor force was jobless, and 65 smaller labor market areas in 23 States were classified labor surplus. By comparison, the reports of the Department of Labor for 1958 reveal that 80 major labor market areas, in 25 States, had 6 or more percent of their labor force unemployed, and 188 smaller labor market areas, located in 35 States, also had over 6 percent unemployed.

Mr. Chairman, let us make no mistake about it—today the free world is engaged in all-out competition of production with the Communist combine. With ominous regularity, the Kremlin, and the Red Chinese, and the subservient governments of the Communist satellite states, announce 5-year plans and 7-year plans. The entire populations of those nations are yoked to the effort of increasing production, bolstering economic strength, stepping up total output. On all sides, the Communists are chanting "Beat America, Beat America." Hardly a day or an edition goes by but Khrushchev can be found boasting that communism is riding the wave of the future, accelerating its production totals, achieving new and greater goals, presag-

ing the day, in his view, when communism will literally "bury," in his prediction, the United States and the other democracies.

In the face of such a strenuous challenge then, how in the name of Heaven can we abide a situation which year after year finds many communities and regions of our country virtually withering away economically? This Nation has need of the gainful employment efforts of every last one of our able-bodied workers. It is a tragic waste and a dangerous loss to allow these battalions of displaced workers to languish in enforced idleness. Not only does such human and economic waste seriously short-change the Nation's strength but the neglect of the problem is productive of deteriorating morale in vast numbers of our people, accounting for broken homes, disruptive social influences breeding economic sores that affect the whole body economic of the Nation.

The problem has long been recognized. The administration itself has taken official cognizance of it. The President in messages to three sessions of the Congress has made acknowledgment of it and promised to take steps to cure it. Regrettably, the bill passed in the last session was smothered to death by a pocket veto.

That bill was a good bill and deserving of better fate. The bill I am presently defending is a better bill, in my judgment. It is the counterpart with amendments of the bill being introduced in the other body by Senator DOUGLAS, of Illinois, for himself and 34 other Members of both parties and which passed the other body, 1 year ago. This fact in itself signalizes the wide-base, bipartisan support the measure commands in the upper body, and augurs well for its ultimate enactment into law.

Some of the improvements in this present bill, as compared with the area redevelopment bill passed by the Congress last year, include:

First. An independent administration is created to provide an authority to carry out this comprehensive program—section 3.

Second. An agriculture representative is added to the Public Advisory Board that the problems of agricultural areas may be brought more squarely into a careful administration—section 4c.

Third. The 300 county limitation on participating rural areas is removed—section 5b.

Fourth. The loan period for industrial and rural loans is reduced from 40 to 30 years—section 6a(6).

Fifth. Criteria requiring that funds provided in the bill be used to provide more than temporary alleviation of unemployment or underemployment—section 6a(3).

Sixth. The interest rate to the borrower is increased to one-half of 1 percent with the additional one-quarter of 1 percent being specifically allocated to a sinking fund to cover possible losses incurred—section 6b(8).

Seventh. Authorization for grants for public facilities is limited to 1 year rather than for an indeterminate period—section 8d.

Eighth. Vocational training provisions are tied to the employment opportunities created in the area, as are subsistence retraining benefits with a \$10 million ceiling established for retraining benefits—sections 16a, 16b, 17a.

These changes have been made in the bill as a result of information gained during hearings in both Houses of the Congress in the 85th Congress and from research and study. Proponents of the bill are of the opinion that the revisions have strengthened the legislation and made it a better bill.

Mr. Chairman, it would be a mistake to regard this bill as something to give a shot in the arm to the national economy, just in passing, as it were. It will of course, create jobs, swell payrolls, boost purchasing power, infuse the legion of jobless with new hope, but primarily it is designed to bolster and restore those sick spots in our national economic picture that have been ailing for so long a time.

Many of those distressed communities have been making and are presently engaged in praiseworthy efforts to pull themselves up by their own bootstraps. In community after community business, industrial, labor, and civic leaders have banded together to beat back the adverse economic tide that has threatened to engulf them. In city after city, the people have emptied their pockets to create industrial promotion pools; the sacrificial giving in many places has been truly inspirational. The people have literally given "until it hurts." But there is a limit to their resources, and in many places the bottom has been scraped, and the citizenry finds it needs outside assistance in their industrial recovery efforts.

Mr. Chairman, I am happy and proud to say that I have the privilege to represent a district, the 11th of Pennsylvania, that affords an outstanding example of community effort to better the business, industrial, and job situation. In Luzerne County we have an industrial development fund that has literally performed wonders. The people have responded most generously to appeal after appeal, and the results in new industries and payrolls have been most gratifying. Nevertheless, the situation can best be described as a case of where we have to run at top speed to keep even with ourselves. We bring in a new industry today, and tomorrow 500 miners lose their jobs because another anthracite coal colliery is closed down. This has created our problem, this attrition in the coal industry. Once it was the giant fuel, but over the years, what with one cause and another, its annual tonnage has taken a large drop and in our valley we have lost thousands of mine jobs, and this depressed condition of our basic industry in turn has had unfavorable effects on the whole industrial picture in our valley. Our people, as I say, are coping with this problem manfully, and we are getting results but the adverse tide is running heavily against us and we need help in the form of loans such as this bill provides.

Just for a moment allow me to refer to the mine flood disaster in my district.

Last year as you know from the headlines, the raging waters of the Susquehanna River, fed by snows and heavy rains, smashed a hole in a mine outer wall and flooded large areas of mine workings. Unfortunately, the fate of 12 entombed miners is sealed.

Already many forces are at work on the needed and urgent tasks of relief and rehabilitation. My people up there in the Valley are not panicked and dismayed. They are a stouthearted people. They have lived with adversity for a long time, they have been companions to disaster over the years. They are now going about repairing things, so to speak, so as to build a more substantial future. Many of their resources have been smashed, but their spirit has not been broken. They have invested of their meager savings, and yes, of their substance in the past to better their economic situation and are going about doing the same thing again. But they need help, they need your help, they need the beneficent interest and constructive assistance of their Government, and, they feel they are in nowise compromising their dignity or self-respect in urging their Government to do a little for them, what it is doing in a greater degree for backward areas in other parts of the world.

The sort of enterprising spirit as prevails in the Wyoming Valley holds equally true in the upper coal fields where the people of Scranton and Lackawanna County have won national attention and applause for what they have done in the way of industrial rehabilitation. And so it goes around the country: American cities across the land, in all sections of this great Nation, have been going it alone as it were, trying their utmost to better their economic situations. It is high time they had from their Government more than repeated promises in this great undertaking; it is time their patience, their fortitude, their confidence, their self-sacrificing were rewarded with the enactment of an adequate area rehabilitation of the scope and dimension that will do the needed job, a bill that will usher in a brighter day for so many of our fellow citizens.

On a former occasion I said "the mental gymnastics of political economists trying to balance the recession-recovery ball is poor fare to the more than 4,200,000 jobless Americans who cannot eat 'gaffed-up' statistics." When I made that statement we were all being assured that the recession had been just a bad dream that had faded with summer's end and that henceforth all was going to be sunshine and sweetness. I wish to God, as I stand here today, that I could be a witness to the fact that unemployment had vanished before a new boom of business and industrial activity. I devoutly wish I could truly say today that there is not enough unemployment in America to make it even worth talking about. But the sad, challenging truth is that like last October, so too today we have more than 4 million unemployed, and that despite the fervent wishing there is not much to sustain the prediction that the unemployment problem is about to leave us.

Mr. Chairman, there is just no good sense or sound public morality in this business of playing a waiting game in the hope the spectre of unemployment will go away—instead of relying on the weak reed that next month's employment figures are going to show unprecedented gains and that somehow time is going to take care of the vexing and enduring challenge of joblessness, we, as a people and a Government, ought to face up to the problem—assume our moral obligations and tackle this problem in a positive way, on a broad, national scale.

The family without income finds scant nourishment and poor consolation in the product of propaganda which primarily consists of telling the American people that things are getting better and better in every way, everyday. Such kind of thinking and acting is a poor substitute for the constructive national leadership which the times demand.

Let me, if I may, stress the fact that unemployment is costly in a variety of ways. Last year alone the Government paid out the staggering sum of \$4 billion in unemployment compensation benefits. Think of it—\$4 billion. It was a good thing, of course, that those who received these benefits had purchasing power in their hands; much better that than the conditions of former years when a man who was out of work was almost automatically broke. But think how much better it would have been for the national economy, for the body politic, for the individual recipients of unemployment compensation, for their families if the Government had made a wise investment in an area rehabilitation program and the idled workers had been able to get into good paying jobs of value-creating productiveness. Not only does joblessness account for large payments in workers' benefits, but at the same time the Treasury incurs severe income losses, for statistics inform us that every fully employed person in the country accounts for the sum of \$560 annually in tax revenue. Again, casting up the balances, joblessness costs the public treasuries millions in direct relief, after unemployment benefits are exhausted, and the Nation is also the loser by the amount of goods and services that would have been added to the gross national product if the legions who are on the idle rolls were back at gainful jobs.

Anyway you look at it, chronic unemployment is a cancer on the body politic.

This bill affords all of us, the administration as well as the Congress, an opportunity to demonstrate our faith in the people by authorizing a program of adequate loans to communities—urban, rural, and to Indian tribes on reservations. It will give people and the communities who have had a tough time of it over the years a chance to battle their way to recovery. I sincerely hope that in the consideration of this vital legislation we will have in mind that already in 1960 our Government has authorized loans to not less than a dozen foreign governments totaling hundreds of millions of dollars. I ask you, in simple justice, if we should not give our own people the same kind of a break. Really, we are asking for very little in relation to the

problem, very little in relation to the amount that is going to be asked of us later in this session for foreign aid. We have been given broad public hints that this Congress will be asked to appropriate upward of \$5 billion for foreign aid. This bill is truly an American point 4 program. I earnestly commend it to your consideration and support. Let us give our fellow Americans a fair shake. In doing for them we will be doing for ourselves and for our country.

In the beginning I said I was speaking with high hopes. I am. I have every confidence that good sense and fairplay and patriotism will prevail in this body and that the House will ratify this measure by an overwhelming majority, as I am sure the other body will. This Congress, I feel, has had a mandate from the people on this measure. Let us do our duty and translate the will of the people into this sound, much needed legislation.

(Mr. FLOOD asked and was given permission to revise and extend his remarks.)

Mr. McDONOUGH. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Chairman, as I will offer a substitute on behalf of the administration later when we fully consider the bill I want you to know I am for this type of legislation but I am certainly against the criteria in the present bill, the one we are considering. I feel it far exceeds the original purpose of this legislation. There were those of us who were very conscious of conditions in the Wilkes-Barre-Scranton area of Pennsylvania and parts of West Virginia. We want objectives and programs that will be of assistance to areas such as those.

Mr. Chairman, the bill S. 722 as reported by the House Banking and Currency Committee is supposed to provide Federal aid for depressed areas. I say "is supposed to provide such assistance" but the facts are the bill is so loosely drawn that aid intended for hard-core depressed areas would be siphoned off into other areas of the country suffering only from temporary unemployment. Proof of this fact is found in, that under criteria contained in the bill, it would be mandatory now that the Administrator declare New York City and Philadelphia as depressed areas. Let me give you another illustration of the wide-open character of this bill. May I direct your attention to section 5(e) which reads as follows:

As used in this act, the term "redevelopment area" refers to any area within the United States which has been designated by the Administrator as an industrial redevelopment area or a rural redevelopment area, and may include one or more counties, or one or more municipalities or a part of a county or municipality.

There can be no question but what, under that broad language stating that it may be any area and include one or more counties, that the Administrator could declare an entire State a depressed area, or as the bill refers to it, an industrial redevelopment area. On the basis of the criteria in the bill, that is not at all farfetched because right today the States of Michigan, New Jersey,

Pennsylvania, and I could name others, on a statewide basis, have shown unemployment of 6 percent more for 18 of the past 24 months. That is a sufficient showing of unemployment to make it mandatory that the States be declared depressed areas. Now that is not the intent of the bill at all and there is no excuse for such loosely drawn legislation that would make it possible for that to happen. I urge my colleagues who are sincerely interested in this problem to get busy and study the provisions of this bill. They will find many surprises. They will find there is loophole after loophole through which aid intended for the hard-core depressed areas would be dissipated over many other areas of the country.

The reported bill would authorize a loan program for purchase or development of land and facilities—including machinery and equipment—for industrial development in the amount of \$75 million for depressed industrial areas and \$75 million for rural low-income areas. A loan program of \$50 million would be provided for public facilities in either industrial or rural redevelopment areas. A grant program of \$35 million would be provided, as well, for public facilities. Technical assistance would be provided with appropriations authorized therefor at the rate of \$4.5 million per year. Financial assistance to States for vocational education would be authorized in amounts of \$1.5 million annually. A program of subsistence payments to persons in redevelopment areas who are undergoing vocational training or retraining under the act would be undertaken for which \$10 million would be authorized.

This totals \$251 million without taking into account the information program provided for, certain programs for these areas to be provided by the Housing and Home Finance Agency, and the administrative costs of the entire program including the attendant cost of establishing and maintaining a new independent executive establishment.

APPLICABILITY OF VIEWS OF THE PRESIDENT TO THIS PROPOSED LEGISLATION

In September 1958 the President vetoed a similar bill—S. 3683—and many of his comments on that bill are applicable to the committee bill.

In his memorandum of disapproval, the lack of participation by local citizens was stressed as a basis for action of the President. In recommending a program of assistance to areas of chronic unemployment which had not shared in periods of general prosperity, the administration had emphasized that the major responsibility for planning and financing the economic redevelopment of communities of chronic unemployment must remain with the local citizens if Federal programs are to be effective.

The committee bill remains weak on this point.

With respect to loans made for development of lands and facilities under section 6, the bill does not require that a State or political subdivision or agency thereof be qualified to approve a particular project for which loans are sought. An alternative is provided.

When there is no such qualified entity, the Administrator may appoint a committee from the area to make the approval. It must be said that in the granting of such loans, at least 10 percent of the cost of the project must come from the State or local subdivision and 5 percent must come from nongovernmental sources. This latter is a small percentage. Moreover, all loans other than the Federal financial help received under the proposal could be required to be repaid in full before the Federal loan is repayable. In the case of loans for public facilities, the proposal authorizes Federal loans to provide for the entire cost of the project and, as an alternative, outright grants for the same purpose are authorized. Although proposals for these loans or grants are to be initiated by States, political subdivisions thereof, or Indian tribes, such local participation is extremely diluted in the case of grants, by the authority of the Administrator, in consultation with the entity initiating a proposal, to modify all or any part of such a proposal.

It is clear, therefore, that the committee bill does not require necessary and desirable local participation and stresses unnecessarily the role of the omniscient Washington bureaucrat.

The memorandum pointed out that recommendations by the administration had included loans for a period of 25 years in contrast with the 30-year term provided for in the case of the industrial loans and 40-year term for loans for industrial facilities. The criteria to guide the Administrator in his grants of funds for public facilities are the same as those for the same purpose in S. 3683 condemned in the memorandum as "so loosely drawn that, without indiscriminate use of funds, administration of these funds would be almost impossible."

The criteria to be used in identifying areas entitled to the benefits of the proposal are the same as those criticized in the memorandum where it was said of the bill:

Its assistance in certain instances would be available in areas in which unemployment is traceable essentially to temporary conditions. Federal assistance to communities where unemployment is not clearly chronic would necessarily mean the assumption of responsibility by the Government for the direct support of local economies—an assumption of responsibility that would have profound consequences.

S. 3683 was criticized as providing funds at artificially low interest rates, a criticism which is certainly applicable to the loans for public facilities where the standard is the "average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt plus one-quarter of 1 percent per annum."

Assistance under the bill would be available for machinery and equipment. Such authority appears to contemplate an entirely different class of borrowers—the users of the industrial facilities developed by the area. Such funds are available elsewhere from private sources such as the producers of the equipment, banks, chattel mortgages, conditional sales, and the Small Business Adminis-

tration, to mention a few, and such loans are a significant step further from the proclaimed aim of the program to assist the communities to help themselves out of their economic difficulty.

The memorandum of disapproval urged location of the function in the Department of Commerce because of the statutory responsibility of that agency in the same and related fields. Since 1947, there has been in that Department an Office of Area Development which has been counseling community, area, State and regional groups all over the country on economic development problems within the limits of its present authority and small budget. That Office has developed close and respected working relationships with State and local development and planning agencies as well as with railroads, utilities, banks, consulting firms, and other development groups across the Nation.

The committee bill departs from this principle by the establishment of a separate agency. The unwarranted administrative expense required for proliferation of agencies is well understood. It would result in disrupting and costly juggling of personnel with experience needed in carrying out the program who are now found in the Department of Commerce. It would be contrary to principles adopted by the Hoover Commission as sound.

The same rural redevelopment program is proposed which the President said raised a serious question as to whether Federal loans for the construction of industrial buildings in rural areas would be a proper or effective approach, much less a permanent one, to the problems of surplus labor in essentially agricultural communities. The language added by the subcommittee to section 5(b) establishing criteria for rural redevelopment areas makes clear the tremendous scope of this phase of the proposal—an implied promise of help which appears most improbable of attainment.

OTHER FEDERAL ACTIVITIES FOR THE ASSISTANCE OF THESE AREAS

It does not appear from the magnitude of the proposed program that enough or any consideration has been given to other Federal programs which either are or can be of substantial assistance to these areas of chronic unemployment.

Under Secretary of Agriculture True D. Morse described in considerable detail to the subcommittee in hearings on this legislation the present activities and plans of the rural redevelopment program in which six departments of the Federal Government are participating. He stated that the program was increasing incomes of families through increased farm production; expanded and more efficient farm marketings; off-farm employment and income from a wide variety of sources including jobs in newly established or enlarged rural industries; along with other developments such as expanded vocational guidance and training and health services. He listed specific services of numerous agencies in the Departments of Agriculture, Interior, Commerce, Labor, HEW,

and the Small Business Administration, which are working in a coordinated way to help meet many of the needs of low-income rural areas. In this way, major contributions are being made in area assistance.

Activities of the Small Business Administration in this field of assistance to areas of chronic unemployment and to rural areas of underemployment deserve special emphasis. The recently enacted Small Business Investment Act authorizes that agency to make loans to State and local development companies. This legislation is getting underway. It has not yet had opportunity to develop fully its potentialities. The Small Business Administration has recognized the value of making loans to and through State and local development groups. Prior to enactment of the Small Business Investment Act, through a liberal interpretation of its lending authority under the Small Business Act, SBA approved some 22 loans totaling \$1,755,817 to local development corporations principally in rural areas.

In his testimony, the Small Business Administrator advised the subcommittee that in a recent 6-month period ending January 31, 1959, some 394 loans were made to small businesses in rural areas in amounts totaling approximately \$27 million. He also advised that in a check about a year ago it was found that approximately 20 percent of SBA loans were being made in labor surplus areas. Such facts clearly show that there already are available the necessary agencies and large lending authorities to assist economically depressed areas.

The contributions that these active going programs make to assist the areas which are to be helped is very important because it shows that the Federal Government presently is helping these areas. While additional action by the Federal Government may be undertaken, a more moderate selective approach is indicated rather than the bulldozer technique provided by the committee bill.

BILL IS NOT TAILORED TO FIT THE PROBLEM IT IS INTENDED TO SOLVE

The fact that under the criteria of the committee bill, the program would be applicable to areas which suffer, not from chronic unemployment but from unemployment which arises for more temporary reasons, has already been mentioned. The committee bill also provides, or in fact would require, application of remedies ill suited to the problems of certain areas. Unlike the proposal of the administration for the same purpose—H.R. 4278—the committee bill would require designation of an area conforming to the criteria set forth as a redevelopment area. Detroit, which is known to be a large metropolitan area so industrialized as to be adequately provided with industrial land and buildings for development would be automatically included within the program and, presumably, with no recourse would be treated with the remedies of the program which are simply not appropriate to the ills of the area. As previously noted, now New York City and Philadelphia would be similarly included.

Failure to recognize existing programs was strongly emphasized in the minority report of the Senate Banking and Currency Committee, which stated in part as follows:

The devices established in the bill to carry out its objectives are defective in the failure to recognize existing programs, thus causing a duplication of efforts. The bill proposes to create a new agency. The creation of this new agency completely ignores the existence of the Area Development Office in the Department of Commerce and the rural development program in the Department of Agriculture.

During the last Congress the Small Business Investment Act was initiated. Although the sponsors of this bill, S. 722, have deprecated the progress made in implementing the Small Business Investment Act, the solution to that problem is not to ignore it, nor to pass legislation which would duplicate its functions in the apparent hope that the duplicating of functions will, somehow, cure the lack of progress complained of. The duplicating functions provided in S. 722 undoubtedly will involve longer delays in implementation, if only because they involve the creation of a new agency.

The thesis behind the Small Business Investment Act (Public Law 85-699) was that there was an "institutional gap" in our economic structure which made it difficult, or unduly expensive, for small businesses to obtain long-term credit and equity capital. This conclusion was founded upon a study conducted by the Federal Reserve Board. Neither this study, nor the legislative hearings and reports, indicated in any way that this credit gap was limited to particular areas of the country. On the contrary, as an institutional defect, the inadequacy of long-term and equity facilities, was found to be nationwide.

It was found that this defect was being met, in part, by the mushrooming of State and local development corporations—now some 3,000 in number—which needed additional funds to lend to small business concerns. They were made eligible for long-term loans. * * *

The program provided in S. 722 is an unwarranted duplication of the provisions of the Small Business Investment Act, and because of its dependence upon artificial criteria for area eligibility, is the least desirable of these duplicating programs, as it puts the Federal Government in the position of influencing the location of industry.

H.R. 4278 has been drafted to provide appropriate assistance to areas of chronic unemployment.

The administration proposal for this purpose—H.R. 4278—has been drafted to provide selective remedies to areas of chronic unemployment. The criteria for designation of such areas have been carefully formulated to be selective in effect. They are designed to pinpoint areas of substantial and persistent unemployment, not to blanket into the program communities which find themselves in difficulties because of temporary fluctuation in the business cycle of our national economy. Provision is made for discretion in the administrator to select areas where the program will be effective and not to impose the remedies of the program without regard to appropriateness. Grants would be allowed to assist such areas in evaluating causes and selecting cures. Similar grants could be made to decrease the economic vulnerability of towns predominantly dependent on one industry, small towns which could serve as centers for economic di-

versification of rural areas of underemployment, and rural low-income areas to help them take actions to diversify and improve their economies.

This proposal is written to take into account actions by other Federal agencies which are and will be helpful to communities in difficulty and to assist in their coordination and focussing to this end. More adequate provision is made for local action and service so that the end products will be a joint action shared in by the communities and therefore more effective. This is of extreme importance.

Finally, the administration proposal would locate the program in the Department of Commerce, which has existing responsibilities in the same and closely related fields. Everyone accepts the management principle endorsed by the Hoover Commission that like functions should be located in existing departmental agencies with similar basic responsibilities to avoid unnecessary proliferation of Government agencies and the attendant confusion and expense. This is an opportunity to put this principle into practice for the benefit of the taxpayer and of good Government organization.

CONCLUSIONS

For reasons set forth in detail herein it is urged that the committee bill be not enacted by the House of Representatives but rather that H.R. 4278 be adopted as the program to enable the Federal Government to assist areas to develop and maintain stable and diversified economies by providing financial and technical assistance to such areas.

Mr. PATMAN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, we now have before us the Area Redevelopment Act, S. 722. This is a bill which would assist those places which are suffering chronic unemployment and underemployment. It would benefit both industrial and rural depressed areas.

Let me make one point clear. Total national production has risen since the recession of 1958—not as rapidly as it should have, but it has risen. However, this rise has brought little benefit to those pockets of unemployment which have basic economic problems. Recession, or even depression conditions still prevail in many areas which derive a major part of their employment from such activities as coal mining, railroads, or textile mills. Technological advances have greatly reduced the number of jobs available in some cases and locational shifts have cut employment in other fields.

In many cases severe unemployment has persisted for 10 years or more. By severe unemployment I mean a jobless ratio of 6 percent or more. The latest figures from the Department of Labor show that in March of this year—nearly 2 years since the bottom of the recession—there are still 142 areas with substantial labor surpluses. Thirty-three of these places are classified as major areas, including such great industrial centers as Detroit, Buffalo, and Pittsburgh.

If the jobless rate in these areas could be reduced to the national average—and

even that is still too high—this would put hundreds of thousands of men and women back to work. Clearly the savings in unemployment compensation and relief payments would be tremendous and the increase in productivity for the country as a whole would also be great. This is a waste which we cannot ignore.

In March there were still more than 4 million American men and women walking the streets looking for jobs, and the number has probably increased since then. A large part of this total—more than one-fourth—is in areas of chronic unemployment. Altogether, 15 percent of the Nation's labor force is located in these areas and 26 percent of the Nation's population. This is the hard core of unemployment which has defied every peacetime boom.

It is particularly disturbing to find that 1.2 million workers have been unemployed for 15 weeks or longer. The Department of Labor has openly stated:

The number of long-term unemployed has shown no significant downtrend since last May.

Mr. Chairman, you will recall the grave fears that many of us felt when unemployment nationally rose to 7 percent of the total labor force in 1958. Many communities have had even more serious unemployment almost constantly for a decade. And just as the Federal Government took emergency action to reduce the national unemployment rate, so it must act to help these chronically depressed areas.

I would like to make one further point. This bill has strong bipartisan support. A pledge to support area redevelopment legislation was included in the platform of both parties in 1956. In 1956 the Banking and Currency Committee favorably reported a bill to aid these depressed areas but the House failed to act on the measure, although the Senate did pass a comparable bill. In 1958 you will recall a similar bill passed both Houses of Congress but was pocket-vetoed by the President.

I do not believe that anyone will seriously challenge the need for Federal action to meet this problem. Chronic unemployment and low incomes are not only damaging to the people in the locality but they also sap the strength of the entire Nation. Failure to revive the economic strength of these places a tax on the whole country in two ways. First, there would be a savings of several hundreds of millions of dollars each and every year in unemployment compensation payments if the jobless ratio in these depressed areas could be reduced to a minimum. Second, this unemployment means a waste of human and economic resources. We as a nation have recognized the importance of extending assistance to underdeveloped areas throughout the free world. We must be no less diligent in meeting our economic problems here at home.

The need for this legislation is self-evident and urgent. We must not delay action any longer. Both parties are committed to support area redevelopment legislation and I believe that this bill is one which the House will approve by a substantial majority.

Let me review the provisions of this measure, the area redevelopment bill. This bill would recognize two types of redevelopment areas—industrial and rural. Industrial redevelopment areas are those where there has existed substantial and persistent unemployment for an extended period of time. The Administrator would be required to designate as industrial redevelopment areas those which have suffered 12 percent unemployment for a full year or 9 percent unemployment during 15 of the preceding 18 months, or 6 percent unemployment during 18 of the preceding 24 months. In addition, the Area Redevelopment Administrator would have the power to designate any other locality which in his judgment suffers from serious unemployment of a permanent nature. Rural redevelopment areas are places where there exists the largest number and percentage of low-income families in a condition of substantial and persistent unemployment and underemployment. The Administrator would be required to designate any county among the 500 ranked lowest in level of living of farm families or which is among the 500 counties with the highest percentage of commercial farms producing less than \$2,500 worth of produce for sale annually.

A key provision of this bill is the requirement that there be an overall program for the economic development of the area which meets the approval of the Administrator. This economic program will guarantee that redevelopment of the area is feasible and that the project for which assistance is sought will actually contribute to the redevelopment of the area.

This provision has not received the attention it warrants and, in fact, it usually is ignored by the opponents of this bill. The fact is that this requirement of an economic plan which meets the approval of the Administrator is a guarantee that the funds will be put to good use. Before any loans or grants can be made for industrial or public facilities the bill requires that there be an expert analysis of the economic potential of the area. This study must prove to the satisfaction of the Administrator that the area can actually be redeveloped and the assistance sought will make a real contribution to this end. This safeguard should set at ease the minds of those who fear, or pretend to fear, that the financial aids in this bill will fail to achieve their purpose. Before 1 cent of this assistance can be used the local officials must bring in a definite plan, in black and white, which will show that the area with the support provided by this bill can truly combat the problem of chronic unemployment.

S. 722 would establish an independent agency—the Area Redevelopment Administration. I feel that it is important that this work should be directed by an agency which can give its undivided attention to this problem, and which can be held clearly accountable for making progress in this field.

This agency would administer several forms of financial aid. The bill would establish two revolving funds for industrial loans and the amount of \$75 million

is authorized to be appropriated for each fund. These loans could be used for the purchase and development of land and facilities, the construction or rehabilitation of factories, and the purchase of industrial machinery and equipment. The loans would finance up to 65 percent of the cost of the project while a local government or community organization would provide at least 10 percent of the cost and private financing would supply at least 5 percent. The Federal loan would bear interest at a rate not higher than the current average yield on outstanding marketable obligations of the United States of comparable maturities plus one-half of 1 percent. Under today's money market conditions, this would mean a rate of approximately 4¾ percent.

Moreover, these loans could be made only if funds are not available from other Federal agencies or from private lenders on reasonable terms. The funds could not be used to assist in relocating a factor from one area to another when such a move would be to the detriment of the original location by increasing unemployment.

Additional financial assistance would be in the form of loans and grants for the construction or improvement of local public facilities. This aid is also contingent on an approved program for economic redevelopment with the further requirement that the facility receiving the aid does not compete with an existing privately owned State-regulated utility unless the State determines that there is a need which the existing utility is not able to meet.

These loans would bear interest at a rate not greater than the average annual interest rate on all interest bearing obligations of the United States at the end of the preceding fiscal year, plus one-fourth of 1 percent. The bill would authorize \$50 million to be appropriated to establish a revolving fund for these loans.

Grants would be made only if the Administrator finds that there is a pressing need for the project, that there is little probability it would be undertaken without the assistance of a grant, and that the local authority requesting the grant proposes to contribute to its cost in proportion to its ability to do so. The amount of \$35 million is authorized to be appropriated for these grants.

The Administrator would have the responsibility for providing areas with any information, research, or advice available from Federal agencies. Technical assistance, such as economic studies and costs and efficiency studies would be provided either by the agency staff or through contracts with private firms. The bill would authorize an annual appropriation of \$4.5 million for this purpose.

Redevelopment areas would also be able to receive the benefits of the urban renewal program authorized in the Housing Act of 1949, without regard to the requirement in that act that a project be "predominantly residential." Up to 10 percent of the funds authorized after January 1959 for urban renewal

grants could be used for this purpose. Industrial redevelopment areas could also avail themselves of the urban planning grant assistance provided in the Housing Act of 1954.

Finally, the bill would provide assistance for vocational training. The Secretary of Labor would be authorized to make studies of the labor force in a redevelopment area and to determine if there is a need for vocational education in the area.

Where a need for retraining workers is found, the Secretary of Health, Education, and Welfare would provide assistance to the State boards for vocational education and \$1.5 million is authorized to be appropriated annually for this purpose. In addition, the Secretary of Labor could make weekly retraining payments through State agencies, and an appropriation of \$10 million would be authorized for these payments.

To summarize, the financial assistance would consist of two revolving funds for industrial loans with \$75 million in each, \$50 million in loans and \$35 million for grants for local public facilities, \$4.5 million a year for technical assistance, \$10 million for weekly retraining assistance, and \$1.5 million a year for vocational educational assistance. Altogether this adds up to \$251 million, of which four-fifths is for loans that would be repaid with interest to the Government. Mr. Chairman, this is substantially less than the amount which would be provided by the bill as it passed the Senate. In committee we pared down each of the major dollar amounts. In the case of the two revolving funds for industrial loans, the Senate version of the bill would authorize a total of \$200 million while the bill now before the House would authorize only \$150 million. The authority for public facility loans has been cut from \$100 million to \$50 million, and the amount provided for public facility grants has been reduced from \$75 million to \$5 million. Altogether there has been a reduction of \$140 million in this bill. The sum provided for in S. 722, by the way, is likewise substantially below that in the bill this body passed in 1958.

The Committee on Banking and Currency has made up these reductions in a sincere effort to reach a compromise with the administration. Personally I feel that a very strong case was made in our hearings for the larger sums. However, as a practical matter, we felt that some cuts should be made in the interest of getting this bill enacted into law. I feel strongly, however, that the amounts which would be authorized for appropriation in the bill now before us represent an absolute minimum.

I would like to put this matter in perspective. This bill would authorize for appropriation a total of \$251 million, of which \$200 million would be repaid with interest. In comparison the United States is spending billions of dollars for economic and technical development abroad. In the last session, Congress provided, at the President's request, \$4,550 million for the International Monetary Fund and the International

Bank for Reconstruction and Development. Altogether budget expenditures for fiscal 1959 in the field of foreign aid totaled over \$6 billion. This is more than 25 times as much as S. 722 would have us spend on our economic problems right here at home. Year after year this country spends billions of dollars to encourage economic development abroad and the strongest kind of pressure is put on the Congress to authorize every last dollar which the President requests.

In his latest budget request the President has urged the Congress to authorize additional billions for foreign nations. In most cases the request is cloaked in terms of national defense and mutual security. At one point in the budget message the President states:

Through the mutual security program as a whole the United States helps promote stability and economic growth in less-developed countries and helps strengthen the defense of the free world.

This may be perfectly true, but I feel that it is self-evident that we must accept the same urgency on programs which will "promote stability and economic growth" right here in our own Nation—the Nation which is being called upon to pour these billions of dollars into other countries.

We now have before us a modest program of economic aid for those areas in this country where unemployment is a chronic problem. I am confident that we would receive tremendous dividends from this investment, and I urge every Member to vote for this bill.

Mr. Chairman, I would like to make one further point. This bill has strong bipartisan support. A pledge to support area redevelopment legislation was included in the platforms of both parties in 1956. In 1956 the Committee on Banking and Currency favorably reported a bill to aid these depressed areas, but the House failed to act on the measure, although the Senate did pass a comparable bill. In 1958, you will recall, a similar bill passed both Houses of the Congress but was pocket vetoed by the President.

Mr. BASS of New Hampshire. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New Hampshire.

Mr. BASS of New Hampshire. I should like to ask the gentleman this question. Under the bill New York City would qualify as a depressed area.

Mr. PATMAN. I know what you mean. I know what your question is.

Mr. BASS of New Hampshire. How would this bill work in giving aid to New York City?

Mr. PATMAN. The gentleman from Pennsylvania [Mr. Flood], has an amendment which, if adopted, will eliminate the slogan that has been thrown around here, including Philadelphia and New York City, and I assume that point will be no longer brought up in the argument.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. YOUNGER. I want to see if I understand this correctly. The Government, on a given project, could loan 65 percent as a maximum?

Mr. PATMAN. I do not have the time to discuss the merits of the bill at this time. Under the 5-minute rule we will. It will be discussed fully.

Mr. Chairman, at this time I would like to yield to Members who would like to extend their remarks at this point in the RECORD.

(Mr. DENTON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DENTON. Mr. Chairman, I strongly support and urge the enactment of S. 722, the area redevelopment bill. A number of my colleagues have spoken about the distress in the coal fields. There are coal fields in the district that I represent, and I know of what they speak. But because the plight of these areas has been covered by other speakers, I will confine my remarks to describing the conditions in Evansville, the largest city in my district.

About 4 or 5 years ago, Servel, Inc., ceased production of mechanical refrigerators. This industry had been one of the largest in my community and at its peak employed 15,000 workers. Also in Evansville, Chrysler Corp. had two plants—an assembly plant and a body plant—which together, at their peak, employed about 16,000 workers. When Chrysler closed these plants and moved their operations to another city, the economy of Evansville received another severe blow. Five to six thousand men lost their jobs and many others were transferred to other places of employment. These developments, together with other contributing factors, caused the local unemployment rate to rise at least 50 percent above the national average.

Aside from causing thousands of breadwinners to lose their jobs, the closing of these plants forced many businesses dependent on the patronage of industrial workers, to go bankrupt. Naturally many of those workers unable to find other jobs were forced to go on relief, and many townships were faced with crushing tax increases in order to pay relief costs. In one township alone, relief costs run over a million dollars a year and in three other townships the relief costs have soared to alltime highs. The situation has become so pressing that the tax rate in Evansville is now \$7.86 per \$100 of assessed valuation. One wonders how long the people of my district will be able to pay such staggering taxes at a time when there are less people employed and able to pay taxes.

The people of Evansville have made heroic efforts to deal with this problem themselves. The city of Evansville employed an agency called Fantus to study the situation and recommend action that would relieve the economic distress. The result has been the formation of Evansville's Future, Inc., for the purpose of attracting new industry to the area.

By popular subscription Evansville's Future, Inc., raised 1 million dollars, \$700,000 of which was set aside for industrial expansion, and half of this latter

amount has already been expended and half was used for promotion and administrative expenses. In addition, \$300,000 has been raised for small business risk capital. I'm sure that you will agree that the people of Evansville have done much to help their community, but local efforts are not enough. The Federal Government must step in and lend a helping hand.

The plight of Evansville is not unique—it is one that has befallen many communities in this country that are the sites of large industry. Ask yourself what the situation would be if the largest industries in your district either closed down operations or moved to other areas.

It is ironic that if instead of economic shocks, these distressed areas had been afflicted by disasters such as floods or tornadoes, Congress would have speedily passed relief measures. And if it were a time of general depression, the Federal Government would be extending many forms of assistance.

Understandably, however, these conditions are not general, but exist only in certain areas. The situation is a chronic one and the problem of cities like Evansville becomes even more acute during a recession such as we have experienced in recent years, because they are the hardest hit and are the slowest to recover. It is not just an area problem however, it is a national problem; such pockets of chronic unemployment are a drag on the economy as a whole. In the first place, the declining level of economic activity in one area can snowball and spread to surrounding communities. Persistent unemployment reduces purchasing power and the demand for goods and services from other areas. That in turn may affect the business confidence of an entire region or the country as a whole.

It is a fact that the cost of rehabilitating a distressed area would be more than offset by the decreasing expenditures for unemployment relief and other welfare programs and by increased tax revenues that would result from the improved economic position of these areas.

Before us we have a bill, that would give relief to cities like Evansville. It is a good bill that would provide plant loans in industrial and rural areas, loans for public facilities, retraining subsistence payments, vocational training grants, and technical assistance. Four-fifths of the funds authorized by this bill would be for loans, and most of those loans would be plant loans, made at an interest rate that would more than cover the cost to the Federal Government of borrowing money, plus another one-half of 1 percent to cover administrative costs and to build up a reserve for losses. Public facility loans would be made at an interest rate covering the average rate the Government pays on its outstanding obligations, plus another one-fourth of 1 percent to cover administrative costs. It is reasonable to expect that the bulk of the expenditures under the bill will be investments, returning enough in interest payments to cover all costs to the Government.

I feel strongly that S. 722 would provide an effective program to help dis-

tressed areas, and its enactment is long overdue. Had the President not seen fit to veto the similar measure passed by the 85th Congress, many of our jobless Americans might have joined the gainfully employed by this time. Failure to take action now would cost this country more in the long run because distressed areas are expensive. If we do nothing about them, we pay for them directly through increased unemployment compensation benefits and indirectly through loss of production.

Moreover, it is a reflection on our Government and on our way of life that we, one of the richest nations in the world, should continue to tolerate the existence of underdeveloped areas in our economy, at a time when we spend billions of dollars a year to help underdeveloped areas overseas. And chronic unemployment threatens our external security, both because it supplies our enemies with propaganda material, and it prevents us from realizing our full potential. Leaders of millions of the world's people are hostile to us and argue that unemployment is inherent in our system, hence any unemployment in our country is a propaganda victory for our enemies. But of greater measurable importance to our security is the loss of production and income and the dissipation of human effort by failure to make use of our resources.

As I have said before, the amount that the Government would spend under the provisions of this bill, is modest, in comparison with the sums this country spends on such programs as defense and foreign aid, but the moral effect of the Government recognizing its responsibility and taking steps to alleviate the plight of distressed areas would be very great indeed.

(Mr. GRAY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. GRAY. Mr. Chairman, I rise today with a sense of happiness because we are considering a bill that can and will alleviate human suffering if it becomes law. Thousands of able-bodied persons in my congressional district have been suffering from unemployment for many years through no fault of their own. Fluorspar and coal mine closures have forced thousands to leave the area and brought hardship upon many more thousands who are still in the area trying to find work. It is estimated that over 30,000 people have left southern Illinois in the past 10 years and we have over 20,000 still in the area looking for some hope of finding work. Mr. Chairman, this condition is deplorable. My mail brings dozens of letters every day from unemployed people pleading for help in finding a job in order to provide a livelihood for themselves and their families. If the opponents of this legislation would only come to my office and read some of the letters I receive, if they have a heart and a conscience, I am confident they will leave with a better understanding of the need for some assistance for these people. Many are young veterans with large families. No place to go for work, not enough to feed and clothe their loved ones and no real

hope for the future. Many of these veterans served under General Eisenhower during World War II. They helped win the war on the battlefield and now they are looking to Ike and us to help them win the battle on the homefront. A battle to make a living for their families. They cannot understand how the President could let them down by vetoing such legislation when they gave their all for him.

Mr. Chairman, some have asked the question, Why do we need this bill? Let me briefly describe the situation in my own district which is representative of the problems faced in other areas of the country.

After World War II our mines began to mechanize and close down throwing thousands out of work. We immediately launched a campaign to help ourselves by forming groups to work for new industries. Through our chambers of commerce, Southern Illinois, Inc., Southern Illinois University, community councils, and other organizations much progress has been made but in some counties, the decline has been greater than the progress. We have exhausted our resources to a great extent and need some outside assistance if we are going to provide our thousands of jobless with work and ever look for the day when the 30,000 plus can start to come back to their loved ones and friends. We need many improvement projects to attract more industry. We need a more adequate water supply by building lakes. We have the proposed Rend Lake and Lusk Creek Lakes on the drawing boards and could proceed to construct them with local, State and Federal funds if this bill becomes law. We have many other good uses to put to the bill if it becomes law. All these improvements will help revitalize southern Illinois and restore these proud people to a healthy, happy economy of living. Without this legislation many thousands will have no hope. The decision is great, the hour is late. Please help us help ourselves. Thank you.

(Mr. STRATTON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. STRATTON. Mr. Chairman, I have taken the well of this House so often since coming here last year as the Representative of the great 32d District of New York to plead for legislation to help solve the tremendous unemployment problem which we face that there is little need for me to take the time of the committee further to develop the urgent need for the legislation before us this afternoon.

I am amazed, Mr. Chairman, that anyone should argue seriously here in this committee that we do not need legislation to deal with unemployment or that the term "distressed area" is somehow a joke. I wish those who feel that this legislation is not needed would come with me to the 32d District of New York. There are only two areas in the great Empire State of New York which are listed as chronic unemployment areas, and both of these are in my district—the carpet city of Amsterdam and the stove center of Fulton County. Both of these

areas are suffering as a result of foreign imports. Yet both of them have been denied relief from these imports in escape clause appeals submitted to the U.S. Tariff Commission. Also included in my district is the great industrial city of Schenectady, a manufacturing center in the heavy electrical industry. Somebody has said that there are areas which are listed in this legislation which are "distressed" and do not know it. Well, there is no problem about knowing about unemployment in my home city of Schenectady, just as there is no unawareness of their own problem in Amsterdam or in Fulton County. Schenectady has lost some 18,000 manufacturing jobs in the brief period of years—18,000 jobs out of a total population of 92,000—the greatest drop in factory-type employment, I am told, of any location in the whole United States.

These areas are in need. These areas are distressed. These areas are suffering from unemployment. Let nobody try to kid himself about this. And just last January, when the unemployment investigating committee of the other body came into my home city of Schenectady in its quest for information on the Nation's urgent unemployment problem. Community leader after community leader appeared before the committee to urge the adoption of this type of corrective legislation. And there also appeared before the committee a stream of witnesses who gave the committee some of their own personal experiences as evidence of the personal, family, and social impact of unemployment. I challenge anyone to listen to that testimony, or to read the printed record of the Senate committee hearing in Schenectady and then come here and say there is no need for this legislation. And I am truly appalled, Mr. Chairman, that responsible legislators would resort to the kinds of tactics we have seen today in an effort to prevent this House from even considering legislation to deal with this pressing problem.

Mr. Chairman, as the weeks have slipped by there has still been no action on this bill. The people in my district are in need. And let me say they are desperately asking how it happens that a Government which can so readily send billions after billions of dollars into foreign countries finds it so difficult to appropriate just a few million dollars to relieve the suffering and to help the unemployment of our own people.

Just the other day, Mr. Chairman, I voted against the foreign aid authorization bill, not because I am against the principle of foreign aid but because I wanted to find some means of registering a dramatic protest against the failure of the powerful Rules Committee of this body to grant the House permission even to discuss and debate legislation to help our own citizens.

The people of my district want to see some action. They were deeply distressed when the depressed areas bill was vetoed by the President 2 years ago. Indeed I believe that one of the reasons that I am the first member of my party to have the honor to represent this great district of mine in the House in some 42

years is because the people of my district believed that it was less important for them to vote along rigid party lines than it was to have sitting here in the House of Representatives in their behalf a man who had pledged himself to work and to fight for legislation of this kind; and that, Mr. Chairman, is precisely what I have tried to do since I have come here, as I am sure Members will agree. Today these people grasp my hand when I go back home and say, "SAM, what has happened to that distressed areas bill of yours? When are you going to get that House of yours to pass that bill? Tell them how desperately we need it, SAM." And, members of the committee, that is what I am trying to do here on this floor, with all the persuasiveness at my command.

Mr. Chairman, now is the time for action. Only today I read in the press a story that says that in the overall Albany-Schenectady-Troy area there are now 22,200 persons unemployed, an increase of 1,000 over February of this year. Claimants for unemployment insurance in this area have risen in 1 month from 12,561 to 13,544, and in addition it is reported that 10,000 to 12,000 persons in the area have exhausted all their unemployment benefits.

This is the problem, Mr. Chairman. I hope the committee will heed the plea of the fine people of my district. I hope the committee will give as much attention to their needs and their wishes as was recently given to the needs of people in other countries all over the globe.

Only yesterday, Mr. Chairman, the President of the United States, in a message which, by the way, was recently reread to us in detail today, called on Congress to act quickly on some kind of legislation to deal with unemployment areas. Perhaps there may be some differences between the President and some of us here in the House as to the best kind of legislation to deal with the problem. But there can be no disagreement as to its urgency or its objectives. I am still baffled, Mr. Chairman, how members of the President's party could have joined earlier this afternoon in these incredible efforts to block the House from even considering this legislation which the President said needed to be enacted without further delay. Four and a half hours wasted trying to delay consideration of a subject which the President only yesterday told us—presumably the members of his own party, as well as ours—was one of his priority items. How silly can we get?

But I am glad we have finally licked that filibuster. Let us then get on, pass the bill, come up with the best possible measure, and prove to our own people, and to the world, that we are wise enough and humane enough to want to do something to put an end to the spread of this dread economic cancer of unemployment throughout this great land of ours.

(Mr. KING of Utah asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. KING of Utah. Mr. Chairman, I am glad to add my support to the proposed depressed area legislation now before the House.

While our Nation today enjoys a reasonable level of prosperity, and our economy on the whole continues to grow, although slowly, we can readily identify many communities and large areas which do not now share, and for years have not shared, in this prosperity and in this growth.

These areas are blights on the national economy. This is particularly unfortunate because all of these depressed areas have made vital contributions in decades past to the prosperity and growth of this, the most prosperous Nation in the history of the world.

In the coal fields of West Virginia, Pennsylvania, and Kentucky, for example, hundreds of thousands of Americans are unemployed. Most of them have little immediate hope of finding employment. They are the victims of economic and technological trends over which neither they nor their communities had any control.

They are idle because the modes of living in our fluid and dynamic society have changed, and the buying habits of the American consumers have changed. They will continue to change.

The chronic unemployment and the economic stagnation which today afflict a depressed area in West Virginia may tomorrow or next year afflict a now thriving and prosperous area in California, or in Texas, or in my own State of Utah, as the age of science in which we live continues to rapidly press new changes upon our way of life.

Coal miners are idle because millions of American homes have been converted from coal to gas and oil heating systems. This is, in fact, a problem which directly affects Utah. Employment in the coal fields of Carbon County, Utah, declined sharply as the network of natural gas lines spread over the State.

I am thankful that the economic repercussions of such changes in consumer demands and buying habits have been no more widely felt in the mines and industries of my State than they have. I am thankful that Utah enjoys the high level of prosperity today which it does.

I am not arguing against change. On the contrary, what I believe to be at issue in this debate is our willingness to accept change, and to make certain that in the economic adjustments we make to meet it, we profit by it rather than suffer from it.

There are in the United States today approximately 4,200,000 unemployed persons. Based on an average working day of 8 hours, this is a loss to the Nation of 33,600,000 man-hours each and every day. It is just plain bad business to permit so many Americans to lose so much time from work.

What does unemployment cost in dollars and cents?

During the decade of the 1950's unemployment averaged almost a million persons a year more than the 3 percent level accepted by some as a defensible rate of unemployment.

If these million persons had been working during the 1950's, then, according to a conservative estimate made by the Senate Special Committee on Unemployment Problems, their work would

have boosted the gross national product—in 1959 prices—by \$7 billion a year, or approximately \$70 billion for the entire 1950 to 1959 period.

This amount would have been nearly sufficient to pay the cost of operating the Federal Government for 1 full year. It is now lost; it will never be recovered.

Unemployment causes many direct government outlays involving large sums of money. During fiscal 1957, a generally good economic year, unemployment benefits paid out totaled \$1.7 billion. Public assistance, the cost of which was borne exclusively by States and local governments, totaled \$322 million. The direct cost to all levels of government during this year totaled over \$2 billion. Add to this huge sum the \$7 billion lost from national production, and the immense cost of supporting unemployment becomes only too clear. Surely the U.S. Government can afford a modest investment in employment to offset the immense cost of unemployment.

The opponents of this legislation invariably argue that economic stagnation and unemployment are the problems of the areas which are affected—that they are State and local problems, rather than national problems, and that the Federal Government has no business participating in their solution.

I regard these arguments to be unrealistic for at least three reasons.

The first is that, as I already have mentioned, the depressed areas are not themselves responsible for the problems, because the problems have been produced by economic currents and trends over which the areas, their institutions and their people have little or no control.

The second is that, as I have also mentioned, these problems cannot be isolated. In the fluid and dynamic economy which prevails in this country, the causes which have depressed and choked off economic growth in the communities and areas which this legislation proposes to help also threaten the prosperity and security of every other community in the 50 States.

The third is that the affected communities do not have, at their own command, all of the means they need to eliminate these causes and work out their own recovery.

The very nature of the chronic conditions creating depressed areas suggests that the areas do not have at their command the powers they need to eliminate these conditions. No one could possibly be more anxious to solve these problems than are the communities which have them.

Most of them have earnestly and energetically tried to solve them. Some have waged not one but many programs to care for the unemployed and their stricken families, and to promote an influx of new industries to create new jobs.

Many of these communities in attempting their own solution of the problems have found themselves hopelessly caught in the vise created by two countervailing migrations. When they have tried to meet the problems by increasing taxes to produce the revenues they need to feed their unemployed, and to launch

public improvement projects which would serve at least temporarily to stabilize employment, they have found that this device instead tends to drive their remaining industries and business establishments into new homes in other areas.

At the same time, the revenues they spend to provide assistance to the unemployed and to make jobs for them invites an invasion by the unemployed in neighboring depressed areas, so that their local efforts not only endangers the remaining industrial and business tax base, but it also aggravates rather than alleviates the unemployment.

In a newly published survey of area development programs in the United States, the author, Donald R. Gilmore, regional economist for the Federal Reserve Bank of Boston, notes that communities and local development agencies, both public and private, apparently lack the capacity, resources, and powers to solve the problems which confront them.

His report, entitled "Developing the Little Economies," observes, and I quote:

It would appear that the Federal Government is destined to play a larger role in the future. In spite of the efforts of the several types of private and public development organizations covered in this report, areas of chronic labor surplus have persisted through prosperity and recession in the postwar period. The congestion and deterioration of most of the larger American cities is getting worse, and the capacity of local governments to deal with these and other metropolitan problems is slow to improve. Most of the present development agencies do not appear to have the resources, programs, or powers for the comprehensive approach needed to deal successfully with these problems.

The report also points out that the role of encouraging economic development is not a new role for the Federal Government. The New York Times writer, Clayton Knowles, in recently reviewing Mr. Gilmore's report, comments, and I quote:

It was recalled, that the Nation in its early years sought to promote manufacturing, agriculture, and transportation through tax concessions, land distribution, turnpike construction, immigration, and protective tariff policies.

Opponents of this measure also argue that the individual must solve these problems, that the man who is unemployed must find his own remedy and help for his family. I agree that there is no substitute for individual initiative in the solution of any problem. But this argument as a solution to difficulties confronting depressed communities and industries, which comprise vast numbers of individuals all sharing the common difficulties, is not realistic.

The breadwinner who has devoted years to one job and one skill, suddenly finding that that job no longer exists, cannot always find a new job simply by going out and hustling for one. He usually finds that hundreds and perhaps thousands of other breadwinners are hustling for a job, too.

Ultraconservatives who use this argument usually point out that Federal aid programs strip a man of his freedom. But we are compelled to ask, How free is the man who, without a job, is nevertheless trying to feed a young family and

pay the mortgage on the home which houses that family?

At this very moment of time there are hundreds of thousands of children in this land who are sentenced by economic hardship to grow up under conditions of penury and degradation. While philosophical objections to this bill are bandied around with oratorical dexterity, people are starving. A great philosopher once said, "If the deed is right, the creed can't be wrong."

I implore this House to perform the right deed, and to enact this bill.

(Mr. FOLEY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FOLEY. Mr. Chairman, I strongly support the Area Redevelopment Act, proposal contained in S. 722 now before the House for final vote. Since the end of World War II, some portion of the Sixth District of Maryland has at all times experienced continued and high rates of unemployment. During the past 2 years, the persistent highest unemployment level in Maryland has been in the Sixth District. For the past 18 months, Washington County has had the highest rate of unemployment in the United States according to facts provided by the Bureau of Labor Statistics. Allegany County has been listed as a depressed area since the end of World War II. Garrett County has likewise been listed as persistently depressed. More recently a consistently high total of unemployment compensation claims have been filed in Frederick County. The sum total of this unemployment history in my district, despite nationwide relief from the 1957-58 recession, persuades me that these conscientious communities with highly skilled and semiskilled unemployed persons need an effective stimulant to their economies. Prosperity is not a fact of life in these parts of the United States today.

It should be recalled that the Employment Act of 1946 sets forth clearly the following policy—title 15, United States Code, section 1021:

Declaration of policy: The Congress declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power (Feb. 20, 1946, c. 33, sec. 2, 60 Stat. 23).

Since 1946, our country has seen and suffered the effects of a number of recessions. Periodic recovery has been followed by another recession. Throughout the 14 years there have been valleys of persistent depression. S. 722, by implementing the Employment Act of 1946, will "foster and promote free competitive enterprise and the general welfare, conditions under which there will

be afforded useful employment opportunities." For these reasons and because the legislative program will be of immediate practical assistance to alleviate unemployment in the Sixth District of Maryland, I support S. 722 and request all Members of the House to vote for its passage.

(Mr. MORGAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MORGAN. Mr. Chairman, for some time I have been working to alleviate and aid the plight of the unemployed in my district. I believe that area development legislation in the form of S. 722 will be helpful in offsetting the chronic unemployment in surplus labor areas, not only in my district, but in other parts of the State and country.

In my congressional district in southwestern Pennsylvania we have a chronic unemployment problem. It has continued to persist despite general economic recovery. The situation was brought about primarily by the decline in the coal industry. Mines have closed down due to the depletion of coal deposits and due to technological improvements. Competition from low-grade fuel oil for industrial and transportation use has also been responsible for the reduction in the demand for coal. When a coal mine is abandoned, it leaves a large percentage of the area work force unemployed.

In the Uniontown-Connellsville area in my district, which communities are available for aid under this bill, 23.8 percent of the labor force is unemployed. This is the highest unemployment rate in the entire State of Pennsylvania and indeed among the highest in the Nation.

In Washington County, 15.1 percent of the labor force is unemployed, and in Greene County the unemployment rate is 15.67 percent or higher. Neither one of these areas is designated as a distress area under the provisions of this bill.

Mr. Chairman, this situation of mass unemployment cannot be tolerated. A positive vigorous program is needed to combat this economic cancer in our midst. It is up to our leaders in business, labor, and the Government to inaugurate a comprehensive program which would alleviate suffering from unemployment and help secure full economic recovery.

I believe that the Federal Government has a responsibility in this matter. Without the vast resources of the Federal Government, there can be no effective and sustained program to combat unemployment.

I am not asking handouts. The people in my district do not want handouts. They want useful, productive jobs to help build a strong economy and to provide for their families and themselves.

As I said earlier, there has been chronic unemployment in the Uniontown-Connellsville area for most of this last decade. The people in this community have invested during the last few years more than \$700,000 to help bring industry and new businesses to the area. The State has started a program to attract new industry. We now need the help of the Federal Government in order to make the program fully effective.

We need a positive comprehensive program to alleviate the problems of chronic unemployment which have plagued many American communities. We cannot afford to let our communities deteriorate and subject the people to suffering the economic losses that go with the decline of prosperous and proud communities.

I believe that S. 722 would go a long way to help resolve the problems of unemployment in depressed economic areas.

A big problem facing these areas is the lack of suitable public facilities to make them sufficiently attractive to new industries. This bill would establish a revolving fund from which communities could borrow funds to improve their public facilities.

Another problem facing the unemployed in depressed areas is that, with a decline of the industries in which they have been employed, their skills become obsolete. To help the unemployed gain new skills suitable for industries locating in these areas, this bill would provide for a training program.

The bill also offers technical assistance to depressed communities to help them to fully utilize their human and physical resources.

Mr. Chairman, I believe this bill not only is essential for the welfare of the direct victims of unemployment and want but it is essential to the economic growth of the Nation. I hope the bill will pass.

(Mr. ELLIOTT asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ELLIOTT. Mr. Chairman, I would like to speak briefly in support of S. 722, the Area Redevelopment Act.

Mr. Chairman, the question to be decided this afternoon is not whether or not we will pass an area redevelopment bill; the real question is whether or not it will be the bill recommended by the Banking and Currency Committee, or whether it will be the administration substitute bill. To put it bluntly, the question before us is whether or not the bill we approve will benefit the vast rural areas which do not now share fully in the economic benefits of the American system.

This is a matter which particularly concerns me as a Representative of a rural area. There is no man who feels greater pride in the Southland, or who feels more privileged by the honor of representing the South in the Congress. But we must not let our pride in our people blind us to the fact that much of that part of the country is afflicted with low incomes and limited economic opportunity.

I cannot understand how the administration can speak of area redevelopment and yet ignore the plight of rural areas whose need for economic aid is as great as that which exists anywhere. Nevertheless that is just what the administration bill does—it callously brushes aside all of the problems of unemployment and underemployment in farm areas.

On the other hand, the committee bill faces these problems squarely. It may well be that the amounts provided in S.

722 will prove to be inadequate to do the job, but the bill does represent progress in the right direction. Most importantly, the committee bill gives us an opportunity to act now to help these areas, some of which have experienced depression conditions for many years.

Immediately upon enactment, rural areas in greatest need will automatically become eligible for the loan and grant and other redevelopment features of the bill. They would become eligible for loans for industrial and commercial development, as provided in section 6 of the bill. They would become eligible for assistance in providing local public facilities, both in the form of loans and grants, as provided in sections 7 and 8 of the bill. They would become eligible for technical assistance. They would become eligible for the worker retraining aids provided in sections 15 and 16 of the bill.

Mr. Chairman, this financial assistance is absolutely necessary. By their nature, these rural areas do not have the capital to provide the community facilities necessary to attract new industries. This bill would make it possible to provide diversified employment opportunities which will not only expand employment opportunities and raise incomes but will strengthen the tax base and economic base of these areas.

We must not be led astray by those who say the answer is to move people off the farm. For many years the Southern States have experienced outmigration of people. This has failed to improve economic conditions. In fact, the loss of able-bodied men and women has probably served to weaken the rural economy of the South. Because of relatively high birth rates and some offsetting in migration, our total population and our needs for public services and for employment opportunities has continued to grow. The fact is that the South is basically rich in natural and human resources. Our aim must be to develop these to the fullest extent.

Mr. Chairman, I was raised to believe that the small family farm is an important part of the American way of life. It has been the source of many of our finest traditions and many of our leading citizens have come from these small family farms. The hard-working people who live there deserve the opportunity to raise their standard of living in step with the rest of the Nation. It is unfortunate, but still a fact, that all too often these small farms are hampered by inadequate capital and a scale of operations too small to provide an adequate level of living. A large and growing proportion of our farm population must supplement its income by jobs in factories and other non-farm industries. This is not too difficult in some areas of the Nation where the farms are near readymade industrial plants. But in other places, assistance is needed to develop new industries.

Let me say once more, the issue is not whether or not we will pass a bill, but whether or not we will pass a bill which will benefit all areas of the country, rural and industrial alike. Mr. Chairman, I strongly urge all of my colleagues to stand by the well-thought-out and com-

prehensive bill recommended by the Committee on Banking and Currency.

(Mr. OLIVER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. OLIVER. Mr. Chairman, it is with real personal satisfaction that I rise in support of this depressed areas legislation. During these past several months it has been a mission of first importance for me to cooperate with the able gentleman from Texas [Mr. PATMAN] and the other Members of this House in their unselfish, determined, and dedicated efforts to bring this bill to the floor for consideration and action. I commend them without any reservation whatsoever for the persistent fight which has been waged in the interests of several millions of the involuntarily unemployed men and women of this Nation.

Among these, Mr. Chairman, there are far too many of my own constituents who have been without gainful employment since 1954. My people, Mr. Chairman, are not unemployed from choice. They are unemployed because of economic conditions beyond their control. They are without jobs because of the selfish, greedy groups who buy up stock control of prosperous industries, only for the purpose of liquidating for millions of "fast bucks," without any concern for the human values of those who are left stranded and abandoned, and without hope unless and until legislation such as this becomes law. They are without jobs because of changing conditions of technology and because of changes in patterns of defense weaponry which occur with no consideration of people who are entitled, as all Americans are, to the opportunity for a job. They are without jobs because of competition with the low-wage standards of foreign production, imported into this country with no consideration for the human values of our own people.

These, Mr. Chairman, are conditions far beyond the control of any individual to combat or meet. This action of Congress today is the long-awaited hope for increased industrial expansion of the distressed labor areas of Maine. We can and have applied ourselves to expand job opportunities for our deserving people. But, we need the added stimulus which this legislation makes possible for the underwriting of the financing necessary to expand these efforts of our community and State development groups.

The retraining section of this bill is sufficient reason, in and of itself, to recommend it to my constituents and me. No thinking man or woman can expect workers over 45 years of age who have only known one kind of work to adapt themselves, without the assistance which this bill makes possible, to new jobs, requiring entirely different skills.

The communities in my State and district need the financial assistance of this bill to install the public improvements needed for industrial park areas. We are willing to commit ourselves, Mr. Chairman, to do these things for ourselves, but we need the extension of additional credit which this bill provides to so equip ourselves for industrial expansion. Distressed labor areas will

rise and have risen to the challenge, Mr. Chairman, but we deserve and demand from this Congress the same consideration when we need cooperation as has been so generously provided for distressed and undeveloped areas in foreign lands.

As has been stated so appropriately on many occasions if point 4 help is constructive for Asia, Africa, and the other far reaches of the world, then it is even more constructive and justified for our own communities.

I consider this vote of mine in support of this bill, Mr. Chairman, as one of the most important; indeed, if not the most important, of my service in this 86th Congress. I urge you, my colleagues, to support it, overwhelmingly and enthusiastically.

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PERKINS. Mr. Chairman, I arise in support of this bill to provide for grants and loans to domestic economically depressed areas. I do not want to repeat myself but, as I recall, my first statement in behalf of this bill, or rather, a similar bill was before a Senate committee in 1955. The next year, 1956, I appeared before the House Rules Committee urging that committee to allow this body to consider this program. The 84th Congress never got an opportunity to complete action on this bill. However, in 1958, during the 85th Congress, I appeared before the House Banking and Currency Committee in support of this program. Those Members who believed that domestic economic problems should receive full consideration finally prevailed and a bill almost identical to the one now being considered was passed by both Houses. The President, following his policy of "one-third plus one" vetoed this bill. While time was not available for a real test of the "one-third plus one" policy it will be available this year if prompt action is taken by passing this bill.

Early this week the President urged Congress to appropriate \$4,100,000,000 for foreign aid, including assistance for depressed areas in foreign countries. He further stated that any substantial reduction in this amount would be a blow to freedom and our allies. Now we are considering a provision to appropriate less than one-twentieth of that amount for economic aid in the form of loans and grants to domestic distressed areas.

We must act in the face of a thinly veiled threat that the policy of "one-third plus one" will be applied and this bill will be vetoed in order to help balance the budget. This is only one of the many programs which face such a threat. The President's Budget Director recently stated that the country could not afford an amount of \$100 million for water conservation and prevention of water pollution. He has further indicated, or at least his spokesman has indicated for him, that the country cannot afford to spend Federal money to improve our educational system.

I do not believe that this body will shirk its responsibility and allow the President to dictate our legislative pro-

gram while he is backed up by only "one-third plus one." The basic principle of a democracy is majority rule. It is incumbent upon the Members of this Congress to take positive action on both domestic and foreign problems. I have consistently supported the President's foreign aid program, as I sincerely believe that this country is financially able to meet its full share of the costs of all programs that will contribute to our economic welfare and national security. I am not objecting to a substantial foreign aid commitment, but I do object to the emphasis being put on foreign aid by the same forces and the same individuals who so blithely announce that the budget must be balanced before any aid is given to American communities which face distressed economic conditions.

In my own State of Kentucky, we have an area including three of the major labor market areas in the congressional district which I represent where unemployment has become a chronic problem. In fact, the Pikeville, Ky.-Williamson, W. Va., labor market area, the Paintsville-Prestonburg labor market area, and the Hazard labor market area in the Kentucky River Valley have consistently faced an unemployment rate of more than 10 percent for each of the past 6 years and in many cases this unemployment rate has been in excess of 20 percent in each of these labor market areas. During that period, the national rate of unemployment has stayed around 5 or 6 percent, approximately one-half the minimum annual rate for any one of these areas during the past 6 years. A substantial portion of the unemployment is the result of increased productivity of the miners who constitute the major industrial working force of the area. In fact, since the end of World War II, the productivity of the miners has increased approximately 100 percent. The result is that without any substantial decrease in the amount of coal produced, employment has dropped to less than 50 percent of the prewar level. The result has been that population decreases are reflected in 18 of the 20 counties in the district which I represent. The sole cause of this decrease in population is outmigration of unemployed individuals who have sought and found work in other areas. At this time, with some 4 million of the Nation's workers unemployed, there is little hope that unemployed workers in southeastern Kentucky can find jobs in other industrial communities. In fact, there is some indication that many of those who found jobs primarily in Ohio, Indiana, and Michigan during the past 10 years are being laid off and forced to return to their old homes. These workers are efficient, industrious, and reliable, but they are faced with conditions with which neither they nor their home communities can cope unless they receive some type of economic assistance such as that provided in this bill.

I urge the Members of this body to take favorable action on this bill and ignore any implied threat from the executive branch of the Government, whether it be a direct veto threat or simply a newspaper statement that the support of "one-third plus one" allows

the executive branch of the Government to dictate to the legislative branch.

Mr. EDMONDSON. Mr. Chairman, the need for this legislation is even more urgent in the depressed areas of America than is the need for most sections of our mutual security program.

How can we justify a point 4 program for depressed and underdeveloped areas on other continents, and deny the benefits of a similar assistance program to depressed towns and farm communities in our own country?

The tragic fact that more than 1 million American farm families are existing today on total annual incomes of less than \$1,000 is clear evidence of the need for action.

Under the rural redevelopment provisions of this bill, most of the counties eligible for assistance are counties where the majority of farms have gross sales, each year, of less than \$2,500.

In many of these counties a large part of the people are subsisting today on relief payments and surplus food commodities distributed by the Government.

Today they are a drain upon the general economy, with little hope for the future unless some action program for their economic rehabilitation is advanced.

Just yesterday, in a strong plea for action on his legislative program, President Eisenhower made this eloquent plea for the mutual security program:

And I emphasize once again that, as we strive to build the kind of world in which America believes, our adversaries are not all included in the single word "communism." They are distress and privation as well, and also the desperation of peoples when they realize that, lacking outside help, they struggle in vain to better their lives. Widespread chaos and misery cannot provide a world climate in which our free Republic can prosper and remain secure.

These are noble words, Mr. Chairman, and they won a warm response in this House.

But is it possible that "distress and privation" in foreign countries is more entitled to our sympathy than "distress and privation" at home?

Is it possible that we can justify providing assistance to "desperate people" who "struggle in vain to better their lives" in foreign lands—while turning our backs on desperate American people who also urgently need "outside help."

The President is aggressively for generous "outside help" to such desperate people overseas.

He apparently becomes very budget conscious when we propose "outside help"—in the form of Federal loans and grants and technical assistance to our own "desperate people" at home.

Mr. Chairman, the record is clear, and the reports and statistics of the administration fully support that record. We have "distress and privation" here in America; we have "desperate people" here in America; we have people who "struggle in vain to better their lives" here in America.

Today these people look to this Congress for an action program to assist in meeting that distress and privation and

to make it possible for them to "better their lives."

In the name of humanity, in the name of homefront commonsense, and in the name of fairplay to our own American people, let us adopt this bill today.

In my opinion, the measure reported by the committee is the only program offering any hope to the low-income farm families located in many depressed areas of America today.

Much of the answer to the problem of the low-income farm family must be found right in the areas where they now live by promoting economic opportunity and by creating a climate in which private industry can grow and prosper. Many areas already enjoy these benefits by the good fortune of living near towns and cities which already have industries which provide employment and incomes to supplement farm living.

The fact is, however, that we cannot rely on bootstrap operations for our hardest hit rural areas. These areas, though they may have the human and natural resources on which to base economic growth, are often plagued by inadequate capital. They are in dire need of financial assistance from their Federal Government to provide the basic public facilities and industrial plants which will make it possible for them to share the level of living of their more prosperous neighbors.

Mr. Chairman, it would be a serious mistake if we should abandon the family farm which has played such an important part in forming our basic traditions.

It would not only be an undesirable social policy but it would be a wasteful economic policy if we were to abandon many potentially rich and well-located farm communities where people now suffer from low incomes and limited opportunity. Let us provide the modest but important financial aids contained in this bill, and provide an action program for our low-income farm families. I am confident that the House will make real progress toward meeting the problem of our depressed farm areas by approving the bill now before us.

I urge the approval of S. 722.

(Mr. EDMONDSON asked and was given permission to revise and extend his remarks.)

(Mr. PROKOP asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PROKOP. Mr. Chairman, I rise in support of S. 722.

I represent a district, Pennsylvania's 10th, where unemployment has been chronic since the 1930's. We knew it for what it is—a cancerous growth that cries out for drastic surgery.

It cannot be said that we sat idly by without doing anything to alleviate our plight. It was in the major city in my district that the world-famous Scranton plan of industrial rehabilitation was started.

Let me recite a few startling facts: In Lackawanna County, Pa., the industrial center of my six-county congressional district, there were 13,200 unemployed as of April 28, 1960 according to the Pennsylvania Bureau of Employment Security. That represents 13.3

percent of our total labor force of 99,200. And the sad part of it is that 9,200 of them are men, able and willing to work at a variety of occupations. The Scranton labor market area, embracing Lackawanna County, including cities of Scranton and Carbondale, is in class F, an area of critical unemployment. It has been in that classification for the past 4 years despite all the efforts put forth by the citizens of the community to solve the problem facing them. A year ago there were 16,500 idle in Lackawanna County, or 16.2 percent of the total working force of 101,900 at that time.

There are many reasons for the decline in employment opportunities in the most populous county in my congressional district and not the least of them has been the experience of the ailing anthracite industry. Production in Lackawanna County has fallen from a peak of more than 20 million tons annually to a little more than 2 million tons in 1959, according to the latest official figures. The production drop was reflected in employment figures in the hard coal industry. Lackawanna County's anthracite industry employment has dropped to 3,500 compared to a peak of approximately 40,000.

The people of Scranton and Lackawanna County are to be commended for their self-help efforts. They are the originators of the so-called Operation Bootstrap. As long ago as 1945 they started the ball rolling toward providing funds to build plants, providing jobs for their unemployed citizens.

In less than 15 years the people of Scranton and Lackawanna County have contributed more than \$10 million to community funds to finance industrial plant construction. Chamber of commerce officials informed me that they feel they have exhausted their ability to raise additional funds by public subscription for this purpose.

The Commonwealth of Pennsylvania came to the assistance of Scranton and other hard-pressed communities during recent years. The Scranton area's industrial rehabilitation program has benefited to the extent of \$250,000 in State aid for industrial construction and have been promised additional funds.

Industrial development groups in the Scranton area have constructed 31 plants at a cost of \$19,260,980, part of which was financed by first and second mortgage arrangements. Jobs have been provided for 9,860 in these plants.

It cannot be denied that the people of Scranton and Lackawanna County have not tried to help themselves. But the problem is too great for them to solve alone. It is imperative that the Federal Government come to their aid without further delay.

In ratio to the population few communities have contributed more to our Nation's military forces in wartime than have Scranton and Lackawanna County.

It would be ungrateful indeed if we now said to these war veterans that we cannot come to their aid in their time of need.

The public-spirited citizens of Scranton and Lackawanna County are to be

commended for giving so freely of their time and limited funds to the task of solving the unemployment problem in their community.

It is illogical to believe that they can do more with the limited means available to them. They do not ask for handouts. They want additional credit with which to build more plants where the men and women will find means for earning their own living.

It was unnecessary for the administration to send a team of analysts to the anthracite regions of Pennsylvania to learn that we are a distressed area, as was done recently. That fact has been known to every responsible public official for years.

Sirupy words will not put bread on the tables in the homes of our families whose heads are jobless and despairing.

(Mr. CLEM MILLER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CLEM MILLER. Mr. Chairman, the passage of the area redevelopment bill will create a vigorous business climate conducive to the expansion of our free enterprise economy. It will create tax surplus areas which are now deficit. This act will encourage business by providing services to the local governments and private entrepreneurs that cannot provide for themselves.

The bill will encourage business by making long-term, low-interest loans for business expansion. It will encourage business by lending to local governments so that they can build the public facilities the local businessmen need. It will encourage business by providing its worker retraining program the skills needed for new businesses. But it will not interfere with free enterprise since the initiation, formulation, and administration of all redevelopment programs remains firmly in the hands of free enterprise.

It has been said that passage of this bill will cause the pirating of industry from more prosperous areas. This bill will encourage new industry rather than rob the old. In fact, it will create markets for trade and commerce where there are none at the present time because the people of these areas are economically destitute. People given some hope by area redevelopment will be enabled to buy goods in the markets of the country instead of dragging our economy down by their lack of purchasing power.

This claim of pirating has no foundation in the record of our subcommittee hearings. I defy anyone to produce evidence that this would be the result. There is nothing to the contrary, I freely admit. However, is it not as likely, or more likely that in our fast-growing, generally prosperous country, the assured effect will be the upgrading of our economic activity, not a redistribution of a smaller pie.

It seems to me that those claiming this bill will cause pirating lack confidence in our capacity for growth, and actually, in the free enterprise system, its ability to go forward.

I regret this pessimistic and unconstructive approach.

The passage of this bill will demonstrate as has been demonstrated so many times in the past that our free enterprise system is flexible enough to solve even the most complex economic problems without resorting to a centrally controlled economy. The net result will be a reaffirmation of our faith in the free enterprise system and a growing, prosperous American economy.

(Mr. RHODES of Pennsylvania asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. RHODES of Pennsylvania. Mr. Chairman, my district is not listed as a distressed area. There is, however, considerable unemployment.

This legislation will not only help distressed areas of our country, but by stimulating the economy, it will improve employment conditions in my district and in other parts of the Nation. It is essential to Pennsylvania which has many distressed areas.

It will stop some of the tragic waste that comes with idle men, idle machines, idle mines, factories, and workshops.

This legislation, therefore, has my support and I hope the House will pass this important bill today.

The area redevelopment bill is an act America cannot afford not to pass. The monetary cost of this act is much less than the cost of human suffering and productive idleness that will continue to plague our economy if this bill is not passed.

Since World War II, the people of the United States have spent over \$50 billion—perhaps quite correctly—to aid the distressed peoples of the world. In 1960—perhaps quite correctly—the administration is proposing to spend \$4 billion to aid underdeveloped nations. Our foreign aid program has recognized the plight of distressed areas throughout the world and has taken steps to alleviate the distress, but we have been unwilling to admit that in many chronically depressed areas of the United States the same type of poverty exists. In addition to our humane concern for the people of the world and our need to help them in our own defense is it not time that a small and critically needed point 4 program for America be undertaken as well?

The total proposed authorization for this domestic point 4 project—the Area Redevelopment Act—would be only \$251 million. Two hundred million dollars of this total would be in a form of a revolving fund for investment loans for enterprises located in the industrial and rural depressed areas, and for loans in these distressed areas for badly needed public facilities. Ultimately, these loans which compose 80 percent of the total amount appropriated would cost the taxpayer nothing since they would be repaid to the U.S. Treasury with interest.

As a result of passage of the Area Redevelopment Act, thousands of our own citizens who are now unemployed or underemployed both in good times and bad, will be restored to useful and self-respecting jobs. Instead of being a cost to the taxpayers on public relief or on unemployment compensation, they will become self-supporting. Even more im-

portant, from the income they will earn they will repay to the U.S. Treasury in taxes.

America just cannot afford to continue to ignore the idle people and idle communities that constitute the rising burden of chronic area distress. In addition to the question of humanity which is involved, the challenge which America now faces makes it impossible for this Nation to waste any of its human and material resources. The Area Redevelopment Act is an American answer to a modern mid-20th-century American problem that must be constructively resolved now. We just cannot afford to continue to bear the cost of ignoring it.

(Mr. HECHLER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HECHLER. Mr. Chairman, I rise in support of this bill which I believe would contribute to the strengthening of the economy of both my State of West Virginia and the Nation as a whole. In this era when Khrushchev is attempting to bury us through economic means, this Nation can no longer afford the luxury of unemployment. When people are out of work in chronically depressed areas or in any section of the Nation, this situation hurts the entire Nation, and I would therefore appeal to my colleagues that this bill will benefit the entire country.

Some critics have wrongfully referred to this bill as a "dole" or a "handout." In reality, four-fifths of the funds under this bill are in the form of loans, and only one-fifth in outright grants, and the loans will return to the U.S. Government. But of immeasurable human and economic benefit is the investment in the development of these chronically depressed areas which under the terms of the bill will receive loans for industrial and community facilities, retraining of workers, and the development of new industries.

In my own State of West Virginia, when our Korean bonus was paid it was discovered that 43 percent of the checks went to out-of-State addresses. We must reverse this trend among the younger people who are rapidly leaving the State and create the employment opportunities which will keep the younger people where they can assist in building a brighter future for West Virginia.

Mr. Chairman, I strongly feel that this bill will help West Virginia, will strengthen other chronically depressed areas and thereby strengthen the Nation.

(Mr. DULSKI asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. DULSKI'S remarks will appear hereafter in the Appendix.]

(Mr. COFFIN asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. COFFIN'S remarks will appear hereafter in the Appendix.]

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I shall yield to the gentleman from New York after I yield to the gentlewoman from Illinois [Mrs. CHURCH].

Mrs. CHURCH. Mr. Chairman, I was rising to reserve an objection to a request which I thought was about to be made by yet another of my colleagues, that he, too, might just extend his remarks in the RECORD; I respectfully suggest that the Committee would receive more illumination on the bill if some of the Members, who are so strongly in favor of it, would speak their piece instead of placing it in the RECORD, as so many have just done. I understand that the vote will be taken tonight, and consequently we should have the benefit of their wisdom now, instead of having to wait to read their statements in the RECORD tomorrow. Would this not seem more desirable procedure?

Mr. PATMAN. Under the 5-minute rule the bill will be very thoroughly discussed and amendments will be offered to correct some of the criticisms that have been made.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New York.

(Mr. MULTER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MULTER. Mr. Chairman, this is a good bill and should be passed. I take this time to bring up to date the information in the printed hearings.

Business activity continues to show many serious weak spots with declines generally outweighing gains in recent months.

Unemployment rose to 4.2 million in March, only about 3 percent below a year ago. Current unemployment on a seasonally adjusted basis equals 5.4 percent of the labor force and includes 1.2 million men and women who have been jobless for 15 weeks or more. One-fifth of all those at work put in less than 35 hours, many for economic reasons. As a result average working hours in manufacturing declined for the third month in a row. Press reports of layoffs in autos, appliances, and other industries continue to appear. Total employment in March showed some decline from the month before in contrast to the usual seasonal increase.

Manufacturing new orders dipped in March and trailed sales for the fourth month in a row. A result: factory order backlogs have declined steadily since November. At \$49.4 billion these orders are now the lowest since February 1959. At the same time factory inventories rose to \$54.3 billion at the end of March, equal to the record established in August 1957, just prior to the last recession. The net gain in inventories was only \$400 million in the latest month of record, less than one-half the rate in December and January, clearly indicating that the poststrike replenishment phase which was boosting the economy a few months ago, is now over. Inventories at the wholesale level have also been rising but at a decelerating rate.

Overall industrial production declined in each of the past 2 months. The daily rate of auto output has dropped 17 percent since January but in spite of this, inventories mounted to a peak of 1.2 million on May 1, including a gain of

about 10 percent in the latest month. The steady drop in steel output has cut operations to only 75 percent of capacity. The slow market for home appliances has cut sales of gas appliances, electric ranges, refrigerators, washers, and dryers, all below year-ago levels.

Lumber inventories have piled up to a level 29 percent above a year ago at mills in the Northwest, while orders so far this year are down 9 percent from the comparable 1959 period. Paperboard production—a significant indicator because of its importance in packaging—has declined markedly in recent weeks to 8.6 percent of capacity, while wastepaper prices are now at the lowest level in 2 years.

At the same time, consumers have steadily gone deeper into debt. Outstanding consumer installment credit has jumped by more than \$5 billion over the past year. This is an increase of 16 percent—more than triple the rate of rise in personal income.

Farm income steadily slips lower. The annual rate in the first quarter of this year was only \$10.3 billion. This was 15 percent below a year ago and 20 percent below election time in 1958.

Total contracts awarded for all types of construction have trailed year-ago levels for the past 8 months. While most categories have shown declines recently, the sharpest drop has been in housing. The seasonally adjusted annual rate of housing starts in March—1,115,000—was down 20 percent or nearly 300,000 units from the year-ago rate. Further declines are indicated by the low level of FHA applications—down 30 percent from a year ago in March—and VA appraisal requests—down 45 percent.

These factors have been clearly reflected in the stock market. The Dow Jones Index is now approximately 10 percent lower than last December and in this period the total value of stocks on the New York Stock Exchange has tumbled \$30 billion.

The main hope of the business optimists is now the forecast of plant and equipment spending. According to a Government survey, this would rise 14 percent over last year, but already doubts are being expressed about this forecast which was made very early in the year when optimism was the order of the day. Domestic machine tool orders, usually an early indicator of any rise in this spending, have failed to increase, and at least one industry—railroads—has already lowered its sights. Moreover, the major part of such plant and equipment spending as is being undertaken is for the purpose of increasing efficiency and reducing labor cost, euphemisms for displacing workers.

Some newspaper reports have recently indicated a rise in department store sales. While it is difficult to adjust fully for the effect of the Easter holidays, it should be kept in mind that these account for only 6 percent of all retail sales and do not necessarily indicate trends in the other 94 percent.

A note on the weather. Another argument stressed by the optimists is that economic activity has been deterred by bad weather. The obvious answer to this

is that most of these statistical indicators are seasonally adjusted, which automatically discounts the weather factor.

The Congress has just passed a foreign aid bill authorizing the spending of more than \$4 billion. We will soon be asked to appropriate more than \$300 million to an International Development Association for foreign soft, low-interest-rate loans. We are helping the people of more than 100 foreign countries. This bill is primarily a loan bill to help the people of our own country with about \$250 million. It is too little almost too late.

Mr. McDONOUGH. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. Bow].

(Mr. BOW asked and was given permission to revise and extend his remarks.)

Mr. BOW. Mr. Chairman, I find that for the last several years it has not been the practice to use Calendar Wednesday as a means of bypassing the Rules Committee which serves to act as the clearinghouse for bills reported by the legislative committees, and to schedule them for proper consideration and deliberation. There is a principle involved in this issue which, in the opinion of many Members, transcends the issues involved in this specific legislation before us.

I have grave fears, Mr. Chairman, that if we adopt the practice which we are now doing, we will have destroyed the usefulness of the Rules Committee which has been one of the most important means of providing for the orderly operation of a legislative body composed of 437 Members. There are few groups of this size who must, in the course of a year, deal with as many controversial issues. Each and every Member has a responsibility to his constituents to maintain the integrity of this great deliberative body. Regardless of the merits or demerits of this specific legislation, we are confronted with a problem which will plague us for many years to come by having resorted to a practice that has not been used for many years.

Mr. Chairman, it should be emphasized that we have two methods of considering legislation where no affirmative action has been taken by the Rules Committee.

First, a majority of Members may sign a discharge petition which automatically will insure consideration of any measure by this body.

Second, if there is an overwhelming demand for enactment of a measure, without any amendments from the floor, this too can be accomplished. I am, of course, referring to the procedure for the suspension of the rules on the first and third Mondays of the month by a two-thirds vote of the membership.

In this particular instance, Mr. Chairman, we are dealing with a bill similar to the one vetoed by President Eisenhower during the 85th Congress. There is every likelihood that he will veto this measure if we pass it today. Therefore, to enact it into law, a two-thirds majority will still be necessary. Because of this fact, it seems foolhardy to jeopardize our normal legislative procedures in order to use Calendar

Wednesday as the means to consider such an important bill.

Mr. Chairman, I am sure that those who have accepted this use of Calendar Wednesday in connection with this legislation will have occasion to rue the day when they acceded to this demand of the leadership.

Mr. Chairman, generally I do not take time of the committee on bills that are not reported out of my own committee or bills in which I do not have some special interest. But I was reading the report on this legislation not long ago and I was very much intrigued by some of the language in it and by some of the areas that the report said were in distress. I thought it was of sufficient interest to advise the people of my district, to let them know something about some of these areas that were in distress. So I wrote a newsletter home, as many of my colleagues do, and I told them in this newsletter that I had checked this matter and that much to my surprise I found, on page 27 of the report of the Committee on Banking and Currency, that the State of Tennessee, a State for which I have high regard, that I have enjoyed visiting, whose hospitality I have enjoyed at times—a little bass fishing—a great State, to which, as we all know, we have contributed considerably, I think about \$1.5 billion to the building of the Tennessee Valley Authority—I was amazed to find that this report lists 70 counties out of 79 in Tennessee as distressed areas. As I say, I reported this back to my people in Ohio. There was not much attention paid to it in Ohio, but it was given considerable notice, I will say to my colleagues, in Tennessee.

I found that the front pages of the papers referred to what the gentleman from Ohio had said, that there were 70 distressed areas in the State of Tennessee. The editorials started to rap me over the head. The Governor of that great State made a statement in opposition to what I had said. Our former colleague, Brooks Hays, took me apart. And my good friend General Vogel, the Chairman of the TVA, did likewise. The chambers of commerce came into the picture.

In my newsletter I had referred to some of the areas in Tennessee that were in trouble, including the Bristol-Johnson City-Kingsport area. That is the tri-city area.

I thought I had a right to rely upon a report of a committee of this Congress. I thought that when a committee of this Congress tried to get a bill through that was going to cost the American taxpayers \$350 million that I could rely upon their statements. Little did I realize when I wrote that newsletter home that my good friends in Tennessee would be as offended as they were. But here in this report the committee have listed 70 counties as being distressed areas in Tennessee, and the Bristol-Johnson City area is also listed. And it is on that report which we are now supposed to act.

My good friend the gentleman from Pennsylvania [Mr. Flood] quoted a little scripture. I wish he had gone a little further and quoted that which says,

"Know ye the truth and the truth shall set you free." I think we have a right to know the truth.

I said I had an editorial here. This is an interesting one. It is a Knoxville paper. The headline on it is, "Mr. Bow Busts Another Arrow—the Latest Arrow From Mr. Bow's Quiver Has Like Former Shafts Crumpled Against Hard Facts."

That makes you feel badly, when you have depended on a report of the committee of the Congress, to find that the newspapers do that to you.

The Governor of that great sovereign State of Tennessee issued his statement in reply to what I relied upon in a committee report in this House referring to Governor Ellington. Governor Ellington said:

Bow's remarks were the first I've heard of any distress areas in the Tennessee Valley.

This report shows 70 counties, but the Governor of the State of Tennessee said that when I reported it it was the first he had heard of any distress areas in the State of Tennessee. And they ask us to vote \$350 million when the Governor says, "No, we have no distress down here," but in this report, if you will read the heading on it, it says these are the counties that definitely, which must be designated as rural redevelopment areas. But the good people in the tri-city area of Tennessee were greatly offended because I had put in my newsletter what was in the report of the committee, that that area also had to be designated.

Let me read you what the chamber of commerce had to say to me. I will not read all of it to you because some of it really gets down into hitting me pretty hard, but I want you to hear some of it. This is from the Johnson City Chamber of Commerce.

MY DEAR CONGRESSMAN BOW: A story in the Monday issue of the Johnson City Press-Chronicle quoted you as saying, in a letter to your constituents, that the smaller Tennessee cities of Johnson City, Bristol, Kingsport, La Follette, Jellico, and Tazewell are also in need of Federal handouts to stimulate industry.

I do not know the source of your information (the source was the report of this committee), but I must say you have been grossly misinformed, particularly in regards to the Johnson City-Kingsport-Bristol area which is known as the Tri-City area.

While I admit there is some unemployment in this area, we are not looking to the Federal Government to solve this problem.

Listen to this. This is what makes those people in Tennessee great people.

Our people believe this is a job for local men and women and I think you would sing a much different tune were you to visit the area and see for yourself what the business leaders of this area are doing to further the economic growth and stability of this wonderful area.

But this report says they must be depressed.

Reading further, he says:

To further set the record straight—

I am glad he did—

I am enclosing a reprint of an article which appeared in the March 6 issue of the Johnson City Press-Chronicle which indicates some \$106 million of new construction was under-

way in a 50-mile radius of Johnson City. If this is a depressed area, in need of Federal handouts, I think there is a need to redefine "depressed areas."

Further in this letter to me he says:

Our people prefer to handle their own problems, and will solve them in a much more satisfactory manner than Senate bill 722 will.

I am sure you admire that kind of spirit the way I do.

These are the facts from the area, from the people that the do-gooders here say they want to help. But the people themselves in those areas say, "We have no depressed areas, we do not want your Federal handouts."

There are in West Virginia some areas that need some help. There are in Pennsylvania some areas that need some help. There are in Kentucky some areas that need some help. But the thing I object to is to try to bring in a bill of this amount, \$350 million, with a report that we should be able to rely upon but which the areas themselves say is not correct.

Therefore, I shall support the administration bill so we can take care of some of these areas, but it seems to me irresponsible to give aid to these other areas in this bill when the folks themselves give us this evidence that it is not needed.

Mr. EDMONDSON. I just want to point out to the gentleman that there is nothing in this bill that will require any area or any region or any county to receive assistance under this bill.

Mr. BOW. That is right. Now, Mr. Chairman, I do not yield further. That is your statement and I do not yield further. Your report sets forth the list of counties which must be designated as rural redevelopment areas. Whether they must take it or not, a responsible Member of this body looking over the list of some 70 counties in Tennessee would have a right to rely on that report, and probably would want to support it. My objection is not that they have to take it, but you say in the report these are necessary areas and they must be considered depressed when in fact they are not. You use pure propaganda to influence the House by including areas that claim they need no help.

I am including a newspaper article telling the story of one area that the report claims is in distress. How silly can we be? This is the Johnson City Press Chronicle of Sunday, March 6, 1960:

AREA BUILDERS UNDERGOING BIGGEST BOOM IN HISTORY

(By J. D. Greene)

Despite the frigidity of one of the worst winters in years, the area's builders are in the midst of the biggest building boom in history.

Either under construction now or planned for the near future is a total of \$105,669,231 in major building projects. These projects are within a 50-mile radius of Johnson City.

Even more astounding is the fact that the total—\$105,669,231—does not include the myriad of homes and small projects being constructed.

The amount of construction underway or planned drew a comment of "it overwhelms me" from John N. Smoot, president of the chamber of commerce, and "it's fantastic"

from J. Lafe Cox, chairman of the industrial commission.

The two community leaders were in agreement the total construction picture offers a challenge to everyone in the Tri-Cities area.

Smoot said the economic potential of the area is firmly established in the minds of industry leaders, both foreign and domestic, and is truly a situation of which every area citizen can be justifiably proud.

"We must, through local governments, chambers of commerce, individual businesses and each citizen, see to it that the needed services which attract such economic confidence are continued. Johnson City retailers and wholesalers must stay abreast of the growth and expand their services to attract the new people and new dollars all of this construction will bring into our trade area," Smoot said.

Cox said an examination of the construction figures only serves to point up the determination of the people that Johnson City and the upper east Tennessee area must and will continue to grow and expand.

Several area contractors in commenting on the present and future building outlook said most of their construction jobs were at a standstill due to present weather conditions.

J. E. Green of J. E. Green Co. and Reno G. Burleson of Burleson Construction Co., said the overall building program looks very good and should improve by spring.

Ralph Steadman of Steadman Construction Co., Kingsport, said things should pick up with improved weather conditions.

The survey figures prepared by the chamber of commerce do not include any of the private residential building which is currently underway in the area.

One of the major projects in the area will be the construction of the American Window Glass Co. plant near Kingsport which will cost an estimated \$50 million.

Presently under construction in Johnson City are projects costing \$6,097,693; Science Hill High School, \$2,250,000; Cadillac Motel, \$60,000; Downtown Motel, \$750,000; East Tennessee and Western North Carolina Transportation Co. truck maintenance building, \$115,000; Tennessee Plastics building, \$250,000; Nursing Home at Memorial Hospital, \$226,900; Welshimer Memorial Library Building, Milligan College, \$562,200; Men's Dormitory and the ROTC classroom buildings at East Tennessee State College, \$627,266; Wesley Methodist Church Educational Building, \$59,959; First Evangelical United Brethren Church addition, \$75,000; Milligan College Boys Dormitory, \$350,000; and Health and Rehabilitation Center building at East Tennessee State College, \$767,868.

Construction in the planning stage or starting soon in Johnson City are laboratory and classroom building at East Tennessee State College, \$532,000; Tacoma Church of God, new building, \$200,000; Memorial Hospital addition, \$500,000; Imperial Furniture Co. plant, \$1 million; Men's Dormitory at East Tennessee State College, \$442,000; and installing powerlines underground in the central business area, \$1,770,000.

In Bristol being constructed or planned are professional office building, \$600,000; trailer assembly building—Enterprise Wheel & Car Co., \$75,000; country club building, \$200,000; doctors' office building, \$170,000; Bristol Memorial Hospital addition, \$1,144,231; administration building and classrooms at Sullins College, \$500,000; St. Luke's Methodist Church, \$50,000; Twin City Motel addition, \$100,000; Dominion National Bank branch, \$50,000; Whitten Electrical Co. building, \$60,000; Strong-Robbinette Bag Manufacturing Co. building, \$250,000; Briscoe Motel, \$100,000; jail and courthouse, \$350,000; and fine arts building at Virginia Interment College, \$300,000.

Construction projects under way or being planned in Kingsport are American Window Glass Co., plant, \$50 million; Downtown Mo-

tel, \$750,000; Holston Drug, \$68,890; Earl's Drug and office building, \$200,000; addition to office building at the Mead Corp., \$347,000; dentists and doctors building, \$173,000; Miller's Department Store, \$1,500,000; Howard Johnson Motel, restaurant and swimming pool, \$500,000; nursing home building at Holston Valley Community Hospital, \$500,000; Kingsport library remodeling, \$350,000; Eastman Kodak Co., expansion program to be built in stages, \$29 million; Lynn Garden Baptist Church addition, \$80,000; and Colonial Heights Presbyterian Church, \$145,000.

Other area projects:

Greenville: Green Valley Home, first and second stages, \$2,833,360; Greene County High School gymnasium, \$204,950; First Christian Church addition, \$250,000; J. C. Penney Co. building, \$250,000; Greenville High School addition, \$150,000; Second Baptist Church addition, \$150,000; and Highland Elementary School building, \$50,000.

Elizabethton: Harold McCormick Elementary School building, \$300,000; two municipal swimming pools, \$100,000; Hampton and Happy Valley High Schools, \$1,500,000.

Johnson City: Tri-City Airport Terminal Building addition, \$300,000.

Erwin: Machinery Manufacturing Co. \$150,000.

Newport: Super-Market, \$94,683; Newport Shopping Center, \$1,500,000; and Newport High School building, \$850,000.

Rogersville: Low rent housing project, \$380,000.

Blountville: Office building, \$120,000.

Hawkins County: Carter Valley Elementary School, \$150,000.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. Bow] has expired.

Mr. PATMAN. Mr. Chairman, may I inquire as to the time.

The CHAIRMAN. The gentleman from Texas has 41 minutes remaining, and the gentleman from California has 27 minutes remaining.

Mr. PATMAN. Mr. Chairman, we would like to use 10 minutes at this time. I now yield 5 minutes to the gentleman from Virginia [Mr. SMITH], and then I would like to recognize another Member on this side for 5 minutes.

Mr. SMITH of Virginia. Mr. Chairman, we have been here a long day. We had this bill up before the Committee on Rules for some time. I have been hoping that sometime in the course of this debate somebody who advocates this bill would tell us, if it is passed, how it is going to remedy the evils about which they complain. Everybody is sympathetic to the unemployed. Everybody is sympathetic to those who are in need. But just how is this bill going to cure your situation? Now you have \$250 million or \$251 million proposed here.

Mr. CLEM MILLER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I will be glad to yield to the gentleman if he can get me some more time, otherwise, I cannot yield.

Mr. Chairman, what is this bill going to do? You have approximately 600 counties listed here as being depressed areas. Some of them are in my State. I have lived in my State and in my district for a long, long time and I never heard of these areas being depressed until I read the report on this bill. We have 600 counties here—and there are 165 cities among which you are going to dis-

tribute this gratuity of \$250 million. I heard the discussion a while ago where-in it was mentioned that one of them was the city of Detroit. I had always thought that Detroit was one of the most prosperous cities in the country. I am shocked to learn that that is a depressed area. Yet, if you are going to rehabilitate Detroit and Pittsburgh and a few others of these large, wealthy cities, how are you going to have enough money to take care of my sister State of West Virginia in which my good friend the gentleman from West Virginia [Mr. BAILEY], is so much interested. This is a lovely pipedream. Of course, we all feel charitable toward folks who are in a bad way, but nobody has shown how this bill is going to relieve the situation. And you cannot show it and you have not debated the merits of this bill. You talk a lot about the poor people and what a terrible fix they are in and all that sort of thing and shed tears about the situation in Detroit and these areas of depression. But you have not told us how this bill is going to remedy the situation. You cannot tell us and that is the reason you have not debated that part of the bill. All you talk about is what a bad fix everybody is in. Now some of us have some worry about the value of the dollar. We know the value of the dollar has dropped to 48 cents.

But you keep on loading up this budget—and that is what you people who advocate every authorization and appropriation that comes in here no matter whether it affects you or not—that is what you are trying to do. If you keep on loading up this budget, you are going to destroy day by day the value of the dollar, and yet you think you are looking after the poor people of this country—the people who suffer first by inflation. The people who suffer most are the wage earners. If you want to do something for them you ought to stop these imports that are coming in here from low-wage countries destroying their opportunities for employment.

I have read this bill. The only thing I found in here that will relieve anybody, or under which anybody is going to get any relief, is that clause which provides that this administrator who is to be appointed with carte blanche authority to decide whether my district is a depressed area or your district is a depressed area. He is given absolute, dictatorial power under this bill to determine which areas are depressed, and he is given the power to employ just as many helpers as he needs to make that determination. He can employ lawyers, he can employ scientists, he can employ anybody. The only limit on him is that he must not pay them over \$80 a day, but he can give them \$15 a day for subsistence. So the only thing I see in this bill for anybody's direct benefit is this horde of employees that is going to be hired by this agency to take over these \$80-a-day jobs.

The bill has the wrong title. The bill ought to be entitled: "A bill for the relief of depressed bureaucrats." It is going to take care of them all right, but it is not going to take care of your area.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. SMITH of Virginia. Has the gentleman from Texas any more time he can yield me?

Mr. PATMAN. The time is allocated. The gentleman is talking against the bill. He should ask the other side to yield him time.

Mr. McDONOUGH. Mr. Chairman, I yield the gentleman from Virginia 3 additional minutes.

The CHAIRMAN. The gentleman from Virginia is recognized for 3 additional minutes.

Mr. SMITH of Virginia. I thank the gentleman from California.

Mr. Chairman, I doubt if 10 percent of the Members of this body have read the report or read the bill before us, yet we are going to vote blindly here to authorize a \$250 million expenditure that just is not going to do anybody any good.

I challenge the proponents of this bill to point out one thing—and they have enumerated in their report on the first three pages just what this bill is going to cover—but I challenge any one of them to point out any one of those things that is not already covered in some existing program. Some of it is under housing, some of it is under the Small Business Administration, which is going on nicely. I asked that question up in the Rules Committee and somebody said: "These kinds of loans we are going to make would not qualify as small business loans." Well, they are just about as liberal as they can be. They just as much as said they were going to make these loans but had no reason to expect they could collect them back.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. The gentleman did not give me any more time.

Mr. EDMONDSON. I do not control the time.

Mr. SMITH of Virginia. Then, I do not yield.

Mr. WESTLAND. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. The gentleman's side did give me additional time, I guess I will have to yield.

Mr. WESTLAND. The gentleman is talking about his areas. The report on page 22 lists four towns in my district in the State of Washington. They are in a smaller area. The bill says you have to have a labor force of 15,000, and the cities are not that big.

Mr. SMITH of Virginia. I am sorry the gentleman is in the same fix I am. He is depressed and does not know it; I am depressed and do not know it in my district.

Read the report. They have not an item in there which they say is going to relieve certain conditions that is not now being operated by some other department of the Government.

So I conclude by saying that the title of this bill ought to be changed to read "A bill for the relief of depressed bureaucrats." It is not going to help these gentlemen here, whose districts are so much depressed.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia.

Mr. BAILEY. Mr. Chairman, the distinguished gentleman from Virginia who just preceded me was not so generous and courteous as are the proponents of this legislation. Had he been he would have granted us a rule and he would have had plenty of opportunity to talk and would not have had to beg speaking time from the opponents of this legislation.

The gentleman's attitude and his remarks, here, bring to my mind a story I heard some time back about an Irish lad who worked his fingernails off raising money to pay his passage over to the New World. While he was growing up as a young man and saving his farthings to pay his fare to America, he was taught to hate the British. When he landed in New York it was about 3 days before a hot municipal election. Pat found himself a boardinghouse and then decided before he started looking for a job that he would look the town over. He had not traveled two blocks up the street until some ward heeler rushed up to him and wanted to know, "What side are you on?" Pat said, "Begorra, I'm against the government."

Mr. Chairman, some few years ago a fellow by the name of Charles Wilson was Secretary of National Defense. He said, "What is good for General Motors is good for these United States." May I remind the opposition to this legislation that what is good for the underdeveloped countries abroad ought to be good for the underprivileged and underdeveloped places here in America.

Are you aware of the fact that a recent report of the Department of Agriculture shows clearly that there were nearly \$1 billion more of surplus foods shipped abroad and distributed to the hungry people of the world than were fed to the hungry people here in these United States?

Mr. Chairman, I want to briefly call attention to some of the pertinent questions involved in this legislation. In the face of widespread predictions of an economic boom this year and in the decade ahead, the United States is still beset by a basic, chronic economic problem that may well prevent these optimistic predictions from coming true.

This is the problem of the so-called depressed labor markets, more than 175 of them, large and small, where high unemployment has persisted for years, in good times and bad, in some for even decades. Fifteen percent of the Nation's work force is located in these areas and 26 percent of the Nation's jobless. Here is the hard core of unemployment that has defied every peacetime move.

General prosperity highlights rather than alleviates the plight of the chronically distressed areas. In recessions, they may be overlooked in the general suffering; in boom times, though they may show some improvement, they remain stark exceptions to the national well-being of the Nation as a whole.

In August 1957 there were 65 areas where unemployment of 6 percent or more had persisted for at least 18 months. In November 1959, the latest month for which data are available, there were 177 such areas.

Where are these areas? They are in the States of Maine, Michigan, Texas, Kentucky, West Virginia, Pennsylvania, and I could go on and name some 16 or 17 other States. They are communities like yours, and your community could be the next to join these other distressed areas tomorrow.

What causes distressed areas? The basic cause is the collapse, contraction or migration of the industry that traditionally provided the area's major job opportunities. This catastrophe takes many forms and may come about for varied reasons. For instance, a good bit of it could be laid to the door of our foreign trade policy. Consider what has happened in just a few industries in the past. West Virginia is at the top of the list of the depressed States. We are displaced and beset with want and hunger. We will appreciate your help in alleviating our suffering.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

(Mr. BAILEY asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Iowa [Mr. WOLF].

Mr. WOLF. Mr. Chairman, in the face of the rising Russian economic threat, America cannot afford to waste the productive resources of our distressed areas. We must use all of our resources if we are to keep pace with and surpass Russia's economic growth. Despite the pressing need to surpass Russia's economic growth, America is now tolerating the idleness of millions of dollars' worth of industrial resources and the skills and creative potentialities of hundreds of thousand workers in our distressed areas. We must bring new life to these communities if we are to even equal Russia's growth.

The modern distressed community is a buildup area with homes, schools, churches, and industrial facilities of all the homes, schools, and churches are now lying idle begging to be used and the homes, schools and churches are slowly deteriorating because the community cannot afford to keep them in repair. The whole community is well on its way toward being a ghost town with its productive resources lost forever.

These communities are also rich in human resources. They contain the merchants, doctors, lawyers, and skilled workers so necessary for a healthy growing community, but these resources are not being used. The merchant is suffering from lack of business, the doctors and lawyers are finding it harder and harder to collect their fees, and many of the skilled workers are out on the streets begging for a job, and in times like this any job would be acceptable.

These communities are also rich in tradition. In these areas generations of Americans have been born, developed roots, and have died. In these areas we find valued friendships and family ties nurtured through the years, the church where the family has worshipped for over a century and the family doctor who has been such an aid and comfort

in times of trouble. We simply cannot tell these people to forget their families and friends and to take up their stakes and move on.

America cannot deliberately afford to destroy the productive power found in these unfortunate areas. These resources are needed to further economic growth. Nor can we afford to chase families from town to town in search of a job. The settled home life surrounded by friends and relatives is an accepted and vital part of the American way of life. The Area Redevelopment Act by creating new jobs strikes at the fundamental cause of this distress. This act is an American answer to a modern mid-20th century problem that must be constructively resolved.

Mr. McDONOUGH. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. FINO].

Mr. FINO. Mr. Chairman, 1 full year has passed since my committee, the Banking and Currency Committee, favorably reported out a revision of S. 722. This important piece of legislation, which calls for the establishment of an effective program to alleviate conditions of substantial and persistent unemployment in this Nation's economically depressed areas, now comes to us for consideration. Recent publicity, particularly arising out of the May presidential preference primary in West Virginia, where this depressed area legislation is a vital issue, has apparently reawakened both public and congressional interest in the continuing plight of America's chronic labor surplus communities.

I share the earnest hope of many in the Congress that 1960 will see the final enactment into law of this program outlined in S. 722. I fully support the principle of Federal assistance to eliminate the existence of areas of business depression in the middle of general economic prosperity and growth and I feel Federal action is long overdue. Proposals for area redevelopment legislation have been before the Congress for over a decade. A further postponement in accepting Federal responsibilities, under the mandate of the Employment Act of 1946, can only intensify the serious predicament of the depressed communities and complicate the finding of an ultimate solution to their problems. To quote the minority views on the report of the Senate Special Committee on Unemployment Problems:

We cannot be healthy as a Nation with sagging pockets of unemployment and underemployment as unpleasant reminders of our lack of action and inability to set our economic house in order.

In our focus on such major labor surplus areas as those in West Virginia, Pennsylvania, and Massachusetts, I think we tend to overlook the national scope of the depressed area problem. The March 1960 Area Labor Market Trends report, published by the Department of Labor, designates some 33 major labor markets and 109 smaller areas in 29 States as areas of substantial labor surplus. About 20 major labor markets and 50 smaller ones have had high rates of unemployment during most or all of the past 8 years. The persistence of low

income and chronic unemployment in excess of 6 percent of the available labor force in these areas has been a drag upon the economy as a whole. The declining level of economic activity in one area can snowball and soon spread to surrounding communities. If a significant percentage of the labor force is out of work, the area's purchasing power and demand for goods and service noticeably declines. This in turn may affect the business confidence in a whole region.

We hear much discussion these days about the importance of economic growth to our national survival. These distressed economic conditions involve not only a sizable loss of human capabilities but also result in the underutilization of our physical resources. There are vast investments in entrepreneurial skills and experience, in public and social capital, and in private commercial, personal and industrial capital going to waste in these areas. If we are sincere in our goal of promoting maximum economic growth, we must take immediate steps to eliminate this tragic waste of our valuable resources. The need to make full use of all our resources becomes more urgent as a consequence of the economic challenge of the Soviet Union.

These communities which have long been prey to chronic unemployment and are victims of a longrun transition in our economic behavior do not have the facilities nor the capital to resolve their difficulties alone. It takes years to bring about a recovery, because frequently such a recovery involves a whole realignment of the area's economic base. Communities which have never enjoyed the advantages of industrial diversification must try to entice new industries to relocate in their area. Many local development agencies have been organized to tackle this problem, using funds raised by individual contributions or by borrowing money. But experience shows that these local efforts are inadequate to cope with the complex ramifications involved in the economic revival of their area. Only a small group of distressed labor markets have lifted themselves to a better status. More often they experience a period of temporary revival and then become depressed once again under the impact of a national business recession.

This bill has been attacked on the grounds that it would discourage private initiative and free enterprise. Those who use such an argument are clearly not familiar with the bill's provisions. For, S. 722 places the responsibility for initiating and formulating redevelopment plans on the local groups. The Federal Government's function will be furnishing technical and financial assistance where local resources are inadequate to handle the job. This is an example of the Government fostering private enterprise where it has been smothered by an economic depression, rather than socialism as charged.

It is a sad reflection on our national economic policy that we have allowed these underdeveloped areas within our own economy to exist so long. We spend billions of dollars each year for assist-

ance to underdeveloped regions abroad. Yet, we are exceedingly reluctant to allocate \$251 million, \$200 million of which is to be in the form of loans to be repaid to the Treasury with interest, to help our less fortunate citizens who through no fault of their own are deprived of gainful employment and a decent standard of living. The cost of rehabilitating these depressed areas would be more than offset by the decreased expenditures needed for unemployment compensation and relief payments and by increased tax revenues derived from expanded economic activity.

The problem of unemployment and underemployment will grow in scope in the next 10 years unless decisive action is taken. Technological changes and a gradual transition in consumer demands will necessarily cause further industrial and manpower dislocation. So long as the Federal Government ignores its responsibilities to our economically depressed communities, it will be neglecting its commitment under the Employment Act of 1946 "to promote maximum employment, production, and purchasing power."

I believe it is imperative that this House give the highest priority to the enactment of an effective area redevelopment program to combat one of our most serious domestic problems, chronic unemployment. This bill is needed if America is to achieve her goal of the full utilization of her economic potential.

Mr. McDONOUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FENTON].

(Mr. FENTON asked and was given permission to revise and extend his remarks.)

Mr. FENTON. Mr. Chairman, as Members of the House well know, my district in the anthracite region of Pennsylvania is one that has been beset with problems of unemployment for a long time. In addition to the Scranton-Wilkes-Barre area—my area—Pottsville, Shamokin, Mount Carmel, Shenandoah, Mahanoy City, Tamaqua, Minersville, Girardville, and other towns are in great need.

Ever since the turn of the century, the number of jobs in the anthracite mines has been lessening, and the communities in my district have fought a valiant battle in trying to establish new industries to provide jobs for displaced miners and their families. This battle has been a monument to the principle of community self-help.

Even now people in my district do not seek charity or handouts. We are happy to continue to shoulder the main responsibility for providing new footings, a new base for our economy.

We now have before us S. 722 as reported out by the Banking and Currency Committee.

Now the administration, too, has a bill on this matter of area assistance, H.R. 4278. I introduced the same bill, 4264, on February 9, 1959.

I wish to say that no one in the Congress is more keenly interested in helping our domestic distressed areas than am I.

Therefore, we ask that you pass a bill that can be signed into law.

Mr. Chairman, the President, in his State of the Union messages, and in economic reports, announced the principle that there is a responsibility in the Federal Government to help areas of substantial and persistent labor surplus in their efforts to solve their problems. This is clear, despite the fact that the Nation as a whole had enjoyed a period of general prosperity since 1952.

Just yesterday, May 3, 1960, he restated his good intentions.

Many people have spoken at length in behalf of legislation of this kind at this and previous sessions of Congress.

The Secretary of Commerce, the Honorable Frederick H. Mueller, has explained in great detail the administration bill.

The Secretary of Labor, the Honorable James Mitchell, likewise, is in favor of legislation.

Representatives of labor also testified before the Banking and Currency Committee including the Honorable Thomas Kennedy, president of the United Mine Workers of America, on April 18, 1956. Mr. Kennedy resides in Luzerne County, adjacent to Schuylkill and Northumberland Counties of my district, in the anthracite region of Pennsylvania. This is the area of the major reserves of hard coal.

I will try to give you some idea of our economic condition and the time and efforts given by the people of my area in trying to help themselves.

We have witnessed the population of my district shrink over 40,000 from 1940 to 1950. Just what the current census will show I do not know—except that it will shrink several thousand more.

We have seen our major and basic anthracite industry have its annual tonnage reduced from almost 100 million tons in 1919, in World War I, to around 25 to 30 million tons at the present time.

We have also seen the number of mine workers diminish from a peak of 179,679 in 1917 to less than 30,000 today.

Now the causes of all these decreases are well known to those of us from the hard coal fields. In fact, the Federal Government itself knows full well the condition in which our area finds itself, because, over the years, since I have been a Member of Congress, I have brought to the attention of our various administrations the economic plight of the anthracite industry and the people dependent upon it for a livelihood.

As a matter of fact, and the record will disclose this, that I have been successful in having a number of my proposals enacted into law to assist the anthracite industry and our people. For example, first, Public Law 812, 77th Congress, which established the anthracite experiment station; second, Public Law 738, 83d Congress, which authorizes the appropriation of Federal funds to the Bureau of Mines to fight mine fires and which eliminates the necessity of asking for special funds each year; the appropriations for this type of work over the past several years has saved over 250 million tons of coal from destruction at a cost of less than 1 cent a ton; third, Public Law 162, 84th Congress, which authorizes the Federal Government to appropriate \$8,500,000 to match a simi-

lar amount from the State of Pennsylvania to dewater mines for health and safety purposes, and to conserve one of the Nation's greatest natural resources—Pennsylvania's anthracite mines.

While we have been trying to stay the continued onslaught of unemployment by helping to stabilize our anthracite mining industry, our people and our communities have been doing a splendid job in organizing in various ways, and indeed have succeeded in securing new plants in some communities and also expanding plants already there.

Our people want to work, as is evidenced by the fact that thousands of them travel over 100 miles each day in commuting back and forth to work. Others are compelled to leave their families for the week and return home on the weekends.

Our people cannot understand why a helping hand has not been extended them long ago as has been done by our Government to other segments of our economy. Neither can they understand why the Government itself permits the terrific influx of residual oil on the Eastern Seaboard, which displaces many millions of tons of coal each year. I understand that some 40 or 45 million tons of coal is being displaced annually.

We have recommended that this excessive importation of residual or waste oil be curtailed or be placed on a proper quota basis, and I introduced legislation to accomplish this. If this was done it would help in keeping down our unemployment.

In addition to the influx of foreign waste oil, we have been hurt by the "big and little inch" pipelines built by the Government. We had no complaint to make when these pipelines were built because of their necessity to aid in winning the war. We did not intend to have them later used by private enterprise in competition and injury to the coal industry.

We objected strenuously to their being sold to the oil and gas industries after the war because we knew it would hurt our anthracite markets. It did hurt us very severely, and the Government did assist the oil and gas industry in selling the pipelines.

I cite these several instances about the plight of our basic industry, because our pleas fell on deaf ears for many, many years.

We have, in various communities in my district, attempted to help ourselves and have succeeded in securing new plants, but we have reached the limit and we now look forward to the State and Federal Governments for assistance in the form of loans.

The President is concerned about areas of chronic unemployment and is attempting to do something about it.

At the present time the unemployment figures for my district in Pennsylvania is about 20,000. In Schuylkill County we have 14,600 unemployed, and in Northumberland County around 5,000 to 6,000. In Schuylkill County alone this means that the percentage of unemployed is 18.7 percent. It was 20.6 percent 2 years ago.

Many bills have been introduced for distressed areas by members of both po-

litical parties in the 84th, 85th, and 86th Congresses.

I trust we will pass and bring forth a bill that can be accepted by the House and Senate, and signed into law by the President.

The anthracite coal producing area of Pennsylvania is a chronically distressed area and the people of my district will be especially grateful for favorable action.

(Mr. FENTON asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Chairman, I yield 3 minutes to the gentleman from West Virginia [Mr. STAGGERS].

Mr. SLACK. Mr. Chairman, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman.

Mr. SLACK. Mr. Chairman, I rise to associate myself with the proponents of S. 722.

(Mr. SLACK asked and was given permission to extend his remarks.)

Mr. SLACK. Mr. Chairman, I rise to associate myself with the proponents of S. 722, and all similar efforts to array the power of the Federal Government behind an orderly movement to rehabilitate areas of long-term chronic unemployment.

The evidence in support of this undertaking is all in the record. We have all heard on numerous occasions about the serious nature of the problem and the drastic effect of long-term unemployment on the families residing in depressed areas. I see no reason to dwell further on a theme that is by now familiar to us all.

Indeed, during recent weeks we have seen area redevelopment develop into a full-fledged political issue through the medium of discussions and addresses by Senators KENNEDY and HUMPHREY, as they conduct their campaigns in my own State of West Virginia. Their statements have been reported extensively by the daily press, the large periodicals, and radio and television commentators from coast to coast, and our people as a whole are becoming increasingly aware of the problem, and the threat it represents.

I have said repeatedly that area redevelopment is not properly a partisan political issue. It has become one, however, unfortunately because the administration has placed a price tag on American suffering, and the Congress has refused to act. I believe we must step up to the problem today, take affirmative action, and remove the subject, if possible, from further political treatment.

To my mind, the failure of this House to act has never been a reflection on the humaneness of its membership. Back in my own district, parts of which suffer heavily from chronic unemployment, I have been asked many times why the Congress refuses to advance assistance. My answer has been that many of my colleagues have had the good fortune not to have the problem in their districts, and they have just not had occasion to familiarize themselves with the situation.

I predict, however, that hardly a Member of this House will escape the firsthand evidence of the problem in his home community during the next 20 years, unless we begin counteraction now. Long-term chronic unemployment is the byproduct of an irresistible force, and we cannot expect to oppose that force with governmental paralysis as our chief tool. No man alive today can predict what inroads the new technology will make next on our established production structure, and what economic and social changes will be required.

It seems logical, then, to consider area redevelopment as we would consider any other necessary entry into new and uncharted paths of governmental action. It is in the same category as our first authorization for work in the atomic energy field, or more recently in astronautics. Here we deal, not with science alone, but with the lives and hopes of human beings, and we set a precedent which will be watched closely by millions of thoughtful workingmen and women who can see the beginnings of automation all around their own sources of livelihood.

There has been some tendency to consider area redevelopment as a device to subsidize certain areas at the expense of others, so they may lure away the established job opportunities from prosperous areas. I have no patience with such thinking, because it assumes that we have a static economy with only a known total number of jobs to serve the whole Nation. In the face of our growing population, rising standard of living, increasing demand for goods and services, and established change in the character of our work force during the past 15 years this position is untenable for any thinking citizen.

Our industrial and commercial community is in a period of evolution, in response to the amazing new tools, methods and techniques that are revitalizing our productive capacity. This means only that we are showing the world once again that the American way of life has unlimited vitality and ability to change. The evolutionary trend must be encouraged, not hampered by uneconomic restrictions.

Where a major technological breakthrough displaces workers in quantity, however, and cripples an area, there we must have a program of rehabilitation. To do otherwise is to discourage national economic expansion by arousing fears of tomorrow's progress.

The real meaning of area redevelopment, then, is that we are resolved to offer support to those who have been sacrificed to the need for national efficiency and productivity. Viewed in that context, such legislation deserves your support as a vote of confidence in the future of our country, and in our national capacity to maintain our economic leadership of the world against all opposition.

(Mr. STAGGERS asked and was given permission to revise and extend his remarks.)

Mr. STAGGERS. Mr. Chairman, I wish to call attention to some facts that make the bill under consideration im-

portant to the State which I represent. Some of these facts are well known and more or less self-evident.

First. There were in West Virginia 58,451 fewer men working daily in 1958 than in 1950, the latest dates for which figures are obtainable. Most of the unemployment is in the coal industry, and a large part of the unemployed have been displaced by mechanization of the coal industry. Relatively speaking, they belong to the class of unskilled labor. They would be available for other unskilled occupations. The number of persons receiving surplus commodity distributions in 1958 was 278,223. This is a charge on Federal, State, and local Governments. Much of the charge would be removed by finding employment for the unemployed.

Second. West Virginia is a peculiar combination of large-scale industrial operations and small-scale business enterprises. Depression in the large-scale operations throws men out of work. Small-scale operations are needed to take up the slack. West Virginia is peculiarly suited to many small-scale operations. They exist in the forest resources, in small farm, poultry, dairy, and fruit growing possibilities, and in the sand, clay, and stone developments. These small-scale operations would be the ones favored by the redevelopment bill. There is insufficient local money to survey the possibilities and plan development. Federal aid would be the key to this initial stage of the process. Further, local technical know-how may be insufficient to foresee the possibilities. Here again, Federal aid would provide that vital initial push toward development. Once started, local enterprises would have every chance of success because the products they would put out are not in highly competitive industries, but for the most part are products for which there is an active demand.

Third. As one important instance of industries that would absorb surplus labor, that would produce materials not already in oversupply from other areas, and for which there are abundant resources within the State, take the forest industries. A recent survey shows an inventory of 5,504 million board feet of saw timber in the State, 11,734 million board feet of poletimber, and 2,801 million board feet of other timber. Saw timber is being cut at the rate of 120 million board feet per year, but is growing at the rate of 270 million board feet. Pole timber is increasing at the rate of 650,000 cords per year. Much of the saw timber is shipped out of the State to factories where the finest furniture is made. Other uses for the timber are: pulp and paper products, lumber, dimension stock, flooring, charcoal, railroad ties, fiber boards, soil conditioners, roofing felt, synthetic fibers, and so forth. For the successful operation of industries using timber, there are within the State abundant water supplies, fuel, labor, and railroad transportation facilities. The demand in the Nation for most of these products far exceeds the domestic supply, particularly for pulp-

wood, paper products, plywood, and fiber products. Forests cover some 10 million acres of West Virginia, nearly two-thirds of the whole area of the State. Approximately 1 million acres is owned by Federal and State Governments, the remainder being owned privately. About one-third of the privately owned acreage is in small farm wood lots of about 30 acres each. This leaves some 6 million acres covered by forests and in the hands of individuals or industries, and in excellent position for further development. A recent estimate indicates that about 14,000 persons are employed in forest and wood-using industries in the State. If the timber could be harvested as fast as it is growing, double this number could be employed. And if the wood were processed within the State, the demand for more labor would far exceed this amount.

Aid in developing this one class of industries alone would justify favorable consideration of this bill. None of the objections that have been raised to the bill, namely, that local initiative and money are already adequate to do the job, that industries set up under the bill would only face competition and failure from similar industries located in more advantageous situations, and so forth, apply in this case. Since timber resources exist almost everywhere in the State, industries would help to reduce unemployment in all critical areas.

Fourth. Much the same case can be made for other resources of the State, especially for the clay, sand, and rock resources. United States Department of Agriculture reports show a decline in the production of eggs, fruits, particularly apples, and wool within the State. None of these is in oversupply in the Nation. Revitalization of these industries would meet the purpose of the bill.

What we are looking for as a result of the passage of this bill is not the opening of vast industrial enterprises requiring capitalizations of millions of dollars and employing men by the thousands. Such enterprises are most economical in certain areas, such as the steel industry, the coal mining industry, the automobile manufacturing industry, for instance. Such enterprises, on the other hand, provide great dislocations in the economy when even a minor depression arises. Thousands of employees are thrown out of work by a comparatively minor recession. What we hope to accomplish by the bill is the establishment of a great number and variety of enterprises operating on a small scale, with small capital investments and with small working forces. Many of such enterprises are more economical of operation on a small scale than on a large scale. A period of slack business in one of them falls with much weaker force on the whole economy. What is needed is a balance between small and large industry. The areas of major economic distress in this country are areas characterized by huge monolithic industrial development. In West Virginia it is coal. The coal industry has not been balanced by suitable development of other resources. There was a time in the history of industrial development when a mono-

lithic enterprise, such as coal, looked with disfavor on the establishment of balancing industries. Their selfish objective was to preserve a huge supply of labor totally dependent on the major industry. They did not want to face competition with other industries for the labor supply. That period is now past. The coal industry, in particular, is interested in finding other work for their employees displaced by mechanization. They feel some responsibility for the welfare of this group. In some ways, its existence is a cost to the industry. They would be glad to get rid of both the cost and the responsibility. Consequently, big business in general has no reason to hold its unfavorable attitude toward small industries operating within their territories.

The actual opening up of an industry utilizing natural resources requires considerable initial exploration. It is not sufficient to determine that a supply of some resource actually exists in the area proposed for development. Other factors enter into the process of exploiting the resource. Abundant water supplies are required for almost every industrial operation. Supplies of other materials necessary in processing the resource must be at hand. A cheap source of power is required. Finally, there must be convenient transportation systems to carry the final products to market. Collecting and analyzing all the information needed to do these things is no job for an amateur. Technical knowledge is necessary. The reason for the slow growth of some industries in areas that seem most suited to them is the lack of such technical knowledge locally. In order to employ the knowledge professionally, vigorous local initiative and drive would be required. In a small community no individual has the time to organize and direct the concerted action that is needed. This bill would supply the local lack. It is imperative that Federal resources and power be employed to provide a sufficient diversification of economic activity in every area of the Nation. Otherwise, vast areas must fall back on subsistence methods of eking out an existence, or submit to the alternate booms and bust of monolithic industrial development. The preamble to the Constitution of the United States states that one of the purposes of forming the Union is to promote the general welfare. The continued general welfare of the Nation depends on the continued general prosperity of every section. Only the assistance of the Federal Government is capable of providing the economic diversification and balance which is essential to stability.

(Mrs. KEE (at the request of Mr. STAGGERS) was given permission to extend her remarks at this point in the RECORD.)

Mrs. KEE. Mr. Chairman, the New York Times, in its issue of Monday, May 2, ran a special article on West Virginia, in which it described the State as a "contrast of a rising economy and depression."

There was one statement in the article which deserves repeating, especially at a time when the Congress has under

consideration legislation calling for the economic rehabilitation of distressed areas. This statement by the New York Times reporter declared:

West Virginia * * * possesses ample human resources to conquer her problems if these resources can be mobilized.

Mr. Chairman, I could not agree more wholeheartedly with this statement of an experienced reporter.

West Virginia does have the human resources. What is urgently needed is a program to put these resources to work.

I am firmly convinced that area redevelopment legislation will provide the vehicle for marshaling human resources for a massive attack upon our State's economic ills.

In view of the desperate need, I cannot understand how anyone can oppose area redevelopment legislation. We need to remove these pockets of economic depression from the Nation's landscape. We need to provide people with an opportunity to work.

We are now permitting a tragic waste of human resources. We must use these resources. We must put them to work.

I sincerely trust that before this House adjourns it will pass area redevelopment legislation so West Virginia's ample human resources can be mobilized.

Mr. McDONOUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. VAN ZANDT].

(Mr. VAN ZANDT asked and was given permission to revise and extend his remarks.)

Mr. VAN ZANDT. Mr. Chairman, since 1955 when I introduced one of the first area redevelopment bills I have stood in the well of this House many times and discussed the need of area redevelopment legislation. As a matter of fact, I am among a group of Representatives in Congress who are recognized as pioneers in this particular field. I was one of the first to introduce area redevelopment legislation in Congress.

My congressional district in Pennsylvania comprises the counties of Blair, Centre, and Clearfield and has been plagued with chronic unemployment for years due to depressed conditions in the coal and railroad industries. At times as much as 18 percent of our total labor force has been unemployed.

Therefore the residents of the 20th Congressional District of Pennsylvania know the meaning of "ghost towns" and the misery that follows in the wake of unemployment as we watch good American families being forced to exist on public assistance and surplus commodities.

Speaking of surplus commodities, as of March 1960 in my three-county area there are 32,463 persons eligible for surplus food or 9.2 percent of the overall population.

In fact, in Clearfield County, Pa., 13.6 percent of the population are recipients of surplus commodities and dependent upon them for the necessities of life.

Mr. Chairman, at the present time in the two labor forces in my congressional district, here is the picture.

As of March 1, 1960 in the Altoona area, out of a labor force of 53,600 there

were 4,700 unemployed or an average of 8.8 percent of the labor force; while in the DuBois-Clearfield area, out of a labor force of 35,400 there were 4,700 unemployed or an average of 13.3 percent of the labor force.

Therefore, the unemployment situation in my congressional district is simply this. Out of a labor force of nearly 90,000 there are approximately 10,000 unemployed or 11 percent of the labor force.

As I have said before, unemployment in my congressional district has been as high as 18 percent of the labor force. One point I want to emphasize is that unemployment conditions are chronic and not temporary or seasonal. Nor can we see any improvement in the coal and railroad industries.

As a matter of fact, employment in these industries is still on the downward trend and nobody dares to predict when unemployment will stop mounting.

For an illustration, my hometown of Altoona, Pa., is principally a railroad town because it is the site of the largest railroad shops in the world, operated by the Pennsylvania Railroad Co. Early in 1951 these shops employed 14,361; while in August 1958 employment dropped to 2,500.

According to information at hand, employment as of May 1 was 6,800. This means that in the city of Altoona alone, there has been a loss of nearly 8,000 jobs.

Mr. Chairman, this situation in Altoona is duplicated in the city of DuBois where hundreds have been furloughed by the Baltimore & Ohio Railroad. Instead of having around 1,200 employees, as of May 1 there were 531 employed which means that more than 50 percent of the B. & O. labor force is jobless.

I have been pinpointing unemployment in the railroad industry in an effort to show the permanent loss of jobs. Similar facts reveal that the same condition exists in the coal, brick, and related industries in my congressional district.

For example, in 1950 in my 3-county area there were employed 5,873 coal miners whereas on April 1, 1960, that number dwindled to 2,633 or a loss of 3,240 jobs. As a matter of fact, since January 1, 1950, coal miners' jobs in the 19 bituminous coal-producing counties of Pennsylvania have dwindled to 23,383 jobs or 50 percent of the 1950 employment.

Of course, when you have heavy unemployment in the railroad and coal industries, related industries feel the effect of it. Therefore, included among the unemployed are those from related industries in my congressional district.

One often hears the question: "Why is it that these areas of chronic unemployment cannot help themselves?"

Speaking for my congressional district, 24 area redevelopment groups in 24 communities affected by chronic unemployment are working at the community level to solve their problem of chronic unemployment.

Some of these communities have enjoyed a measure of success while others have found it impossible to make any

headway because they lack the necessary tools that area redevelopment demands.

On the other hand, since 1946 in my hometown of Altoona, Pa., as a result of an active industrial redevelopment group that raised nearly a million dollars mostly through voluntary payroll deductions, 11 new industries have been brought into the Altoona area solely through community, State and Federal effort.

These new industries have provided 3,600 new jobs and a \$12 million increased annual payroll.

Seventy percent of the new jobs are for men.

This highly successful effort stems from what is commonly known nationally as "the Altoona plan."

Mr. Chairman, in attaining this remarkable record the Altoona group like other groups in my congressional district has borrowed at the banks to the legal limit.

Therefore, in my congressional district, these 24 area redevelopment groups are in need of Federal assistance such as is provided for in the area redevelopment legislation now before Congress.

Mr. Chairman, I think I can speak for all area redevelopment groups in my congressional district when I say that they do not want any Federal handout.

What they need primarily is additional borrowing power which coupled with other forms of Federal assistance as contained in pending legislation will enable them to assist in wiping out these pockets of unemployment and their human wastage.

In achieving this objective, we will not only rehabilitate our economy through diversification of industry but we will, in effect, be barring a repetition of this chronic unemployment that we have been faced with for years.

Mr. Chairman, I should like to repeat a question constantly asked by many of my constituents: "Why is it that Congress sends billions of dollars to so-called underprivileged nations yet ignores the plight of good American citizens who through no fault of their own are unemployed?"

The answer to this question is that Congress too long has ignored the 142 pockets of chronic unemployment in the United States that have brought suffering and despair to nearly 833,000 unemployed persons despite national prosperity.

It is in these pockets of chronic unemployment and to the unemployed in them that the Federal Government has an obligation to assist through an adequate area redevelopment program.

Mr. Chairman, I hold no brief for those who quibble and employ delaying tactics over the cost of area redevelopment legislation. Since we have billions to pour into foreign aid, we certainly have a moral obligation to care for the needs of America's unemployed.

The fact that area redevelopment legislation is fully justified makes it pertinent to ask: "Why solicit a repetition of the 1958 veto by having the pending bill, S. 722, given similar treatment since it resembles to a marked degree the vetoed bill of the 85th Congress?"

Frankly, it will not be difficult for me to support area redevelopment legislation because I have firsthand knowledge of the great need for it. I must confess, however, the possibility of another veto is a cause for great concern.

Mr. Chairman, among the sponsors of area redevelopment legislation there exist two conflicting points of view.

To begin with, in principle the administration has endorsed area redevelopment legislation. In addition, the two major political parties also endorsed the principle of area redevelopment legislation in their 1956 platforms.

Therefore, the question that Congress must resolve is the amount and the extent of such aid in providing for area redevelopment.

In an effort to reach the common objective, it is imperative that reasonable people should be willing to compromise.

In this connection, it is my belief that the President will find it possible to accept a reasonable compromise between the administration bill, H.R. 4264, costing \$53 million, and S. 722, costing \$251 million.

In my many pleas for a reasonable compromise, I want to make it plain that I did not presume to speak for the administration.

However, Mr. Chairman, let us be practical and face the facts concerning area redevelopment legislation. In the event of a Presidential veto of S. 722, I have been unable to find anyone willing to predict that the veto will be overridden by either branch of Congress.

In this connection, let me point out that when the Senate passed S. 722 last spring, the vote was 49 to 46. Thus, the fear of being unable to override a veto is amply justified on the Senate vote alone since it requires two-thirds of the votes cast to accomplish the purpose.

In reviewing the position of the House of Representatives on area redevelopment legislation back in 1958 when the vote was 176 to 130 in favor of the bill, one finds little change in the complexion and makeup of the House, with the result that there are not enough votes in the House to override a possible Presidential aid contained in S. 722.

Mr. Chairman, to improve the chances of enacting depressed area legislation, early in this Congress I introduced H.R. 4878, a bill which represents a compromise between the administration's bill, H.R. 4264, and the Senate bill, S. 722, now before us.

With a few exceptions, my compromise bill, H.R. 4878, which would cost approximately \$158 million offers the same type of aid contained in S. 722.

The real difference is that instead of making every depressed area eligible for the same type of assistance, my bill provides different degrees of Federal aid based upon the level of chronic unemployment and the need in such areas.

In this connection, it is my belief that areas which have suffered greater levels of unemployment should be entitled to a greater degree of aid than those communities whose problems of unemployment are of a lesser degree.

In other words, my compromise bill, H.R. 4878, which would cost \$158 million,

will provide area redevelopment assistance to the 142 labor surplus areas of the Nation with their nearly 833,000 chronically unemployed persons.

Briefly, my bill, H.R. 4878, provides for the following programs:

In the field of loans, \$100 million for industrial areas and \$25 million for public facilities.

In grants, \$25 million for public facilities and \$3 million for technical assistance.

And, finally, \$5 million for retraining the unemployed.

Mr. Chairman, in brief, these are the provisions of my compromise bill, H.R. 4878.

They are modest, but at the same time will provide a sound program of area redevelopment.

Experience has shown that the people in depressed areas are the ones that are mostly hit by any rise in unemployment and are the last to recover from the onslaught of recession.

Therefore, it is urged that we enact the program contained in my compromise bill, H.R. 4878, as a realistic means of providing an effective program to aid the chronically depressed areas of the Nation.

Since the cost of area redevelopment legislation has proved a stumbling block in the past and impeded our efforts, let me mention again that the cost of S. 722 is \$251 million as compared to the cost of the administration bill, H.R. 4264, which is \$53 million.

By way of contrast, my compromise bill, H.R. 4878, will cost \$158 million or just about midway between the cost of S. 722 and the administration bill, H.R. 4264.

Mr. Chairman, in connection with area redevelopment legislation, let me state that I have no pride of authorship.

My sole desire is to aid the people in the 142 labor surplus areas and to attain such a laudable objective the spirit of compromise should be dominant in our minds.

As one who represents two chronically depressed areas in Pennsylvania with unemployment at times as high as 18 percent of our labor force and which has plagued us for years, my goal is that Congress enact without delay an effective bill in a form acceptable to the President, thereby eliminating the prospects of another Presidential veto.

Mr. Chairman, the residents of the 142 labor surplus areas of the Nation are entitled to this type of legislation, and it is my sincere hope that Congress will compromise any differences and enact a depressed area bill without further delay.

In conclusion, for the purpose of conveying to the Senate and House of Representatives the sentiments of the residents of my congressional district, first let me state that a recent poll of public opinion revealed that 77.1 percent of the persons polled were in favor of area redevelopment legislation.

In addition I wish to call attention also to the following editorials on the subject that appeared in the February 2, 1960, issue of the Clearfield (Pa.)

Progress and in the April 25, 1960, issue of the Du Bois (Pa.) Courier-Express:

[From the Clearfield (Pa.) Progress, Feb. 2, 1960]

AID TO DEPRESSED AREAS

Residents of the Clearfield-Moshannon Valley area, which has long been plagued by chronic unemployment, are naturally interested in the various measures proposed at the Federal and State level to alleviate the situation.

In the last session of the Congress the administration proposed distressed area bills. So did Pennsylvania's Senator JOSEPH S. CLARK and this congressional district's own Representative JAMES E. VAN ZANDT. Because of varying political philosophies the proponents of these measures have never been able to get together, principally because of such factors as differences on the amount of aid to be given outright, the rates of interest to be paid on any loans to communities borrowing money, and the period over which the loan could be repaid.

Also, there has been strong opposition from southern Congressmen who got a lot of industries in their area during and shortly after World War II and naturally don't want to make things too easy for us up North in case the flight of industry might be reversed in this direction.

We have before us a copy of a letter from President Eisenhower to Senator COOPER, of Kentucky, where they also have chronic unemployment, telling what his administration has done for assistance in such sections.

Specifically, Mr. Eisenhower points out that in the last fiscal year 42.5 percent of total procurement awards for the Department of Defense went to labor surplus areas, with \$96 million specifically reserved for labor surplus areas.

We would like to point out that there are currently 32 major labor surplus areas in the United States and 112 smaller areas, of which Clearfield-DuBois is one. Most of these defense contracts dollars-and-cents wise went to plants in metropolitan areas, and in many cases cancellations and cutbacks in such contracts nullified positive effects.

The other specific accomplishments mentioned by the President, such as census offices in the States of Indiana and Kansas, and urban renewal projects in the big cities, don't mean much up here.

Mr. Eisenhower also points to the new Small Business Administration lending authority and the activities of the Small Business Administration itself. We know that the Pittsburgh and Philadelphia office of the SBA have been very helpful in certifying area manufacturers and helping them get military contracts. If we were to name one outstanding accomplishment of the Federal distressed-area program, we would say that this service of the SBA is it. But as far as financial aid coming from the SBA, if the banks won't loan it, the SBA seldom does, either.

The President in his letter to Senator COOPER writes how 14 agencies of the executive branch of the Government, plus an interdepartmental committee named to coordinate Federal assistance programs, have added increased strength to this whole situation. One of the members of this Committee is the Under Secretary of Commerce. In this Department is the Bureau of Public Roads, which administers the Federal Government's share of the Nation's highway program.

A lot of us have tried to point out, with no avail, that industry will not locate in areas which are difficult to reach or get out of. For instance, one of the bills proposed would pave access roads to plants, but says nothing about highways themselves. Access roads have to lead somewhere at both ends.

The most important thing to many depressed rural areas of which, we repeat, there are 112 in the United States and 15 in Pennsylvania, is transportation facilities. For light industry, especially, good roads are essential. Yet the highway programs, both national and State, always get bogged down in politics and arguments about various gas taxes.

The Federal highway program should be definitely coordinated with any measure of aid to depressed areas and we wish the Under Secretary of Commerce would bring that up sometime in one of the meetings of this Committee the President speaks about.

We regret to say that in our opinion neither Republicans or Democrats at the Federal Government level have really accomplished much in helping rural depressed areas, or even helping them to help themselves. Everybody talks about it and nothing happens.

[From the Du Bois (Pa.) Courier-Express, Apr. 25, 1960]

WE'RE IN A DISTRESSED AREA

Du Bois and the overall Du Bois area will be watching with more than just a mere passing interest the Eisenhower administration attitude on the bill which would render assistance to distressed areas.

For, the Du Bois area, surely, with the many layoffs in employment created through the closing of the Kramer and Helvetia mines, and other plant losses in the sector, must certainly be classified seriously as an integral section of the distressed area picture.

Representative JAMES E. VAN ZANDT recently said he has word that the White House might accept a redevelopment program, costing \$150 million. This is nearly three times the cost of the Eisenhower budget recommendation last January, though only about half the size of the Democratic bill passed by the Senate.

Mr. VAN ZANDT also said "the threat on the part of a few of us" to bog down House procedure, by objecting to unanimous-consent requests, is causing the House leadership to put pressure on the House Rules Committee to permit a House vote on the Senate bill.

He said he and Representative JOHN P. SAYLOR, Johnstown Republican, are convinced that Rules Committee action will take place soon.

Senator HUGH SCOTT has said all along he believes President Eisenhower would accept a compromise bill somewhere between the original administration figure of \$57 million and the Democratic proposal for nearly \$300 million.

The importance of the Eisenhower attitude on aid to the distressed areas—a category which includes much of Pennsylvania and West Virginia—is that no program of this kind can become a law without the President's acquiescence.

This is because the advocates of this aid, Democrats and Republicans combined, clearly do not have the two-thirds support necessary to override a Presidential veto.

The Democratic bill passed the Senate by a few votes and might get through the House too, if the Rules Committee can be persuaded to clear it, but the margin would be thin in the House as well.

Senator JOSEPH S. CLARK and some other Democrats believe their party should force the big bill through despite the veto threat, because the Presidential veto would make a campaign issue in the States with distressed areas. Only after the veto would the Democrats be willing to compromise under the CLARK strategy.

The Pennsylvania Republicans don't want the conflict to go to the point of a veto. Representatives VAN ZANDT and SAYLOR felt strongly on this point, being up for reelection as Republicans in "distressed" districts

and fearful that an Eisenhower veto would harm them no matter how hard they had tried to prevent it.

Passage of a compromise presumably would take the heat off them, even if it happened after the bill had been vetoed.

At this point it is not clear whether the conservative-dominated House Rules Committee will clear the legislation for a vote.

If the Pennsylvania Republican effort achieves its purpose it will be on the House floor when they will urge passage of a compromise bill agreeable to the President and acceptable also to the Senate.

Mr. McDONOUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SAYLOR].

(Mr. SAYLOR asked and was given permission to revise and extend his remarks.)

Mr. SAYLOR. Mr. Chairman and members of the Committee, I am worried when Members of the Congress will ridicule the work of one of its own committees. I am worried because it means that Members of this House are not taking seriously the work of men and women who have been elected from their districts to come to the Congress and do the right kind of job in representing their districts as every Member of the Congress tries to do. We do not all come from the same kind of areas. When a committee like the Committee on Banking and Currency of this House which has produced great legislation brings a bill such as the bill they have brought before us now, in my opinion, it little behooves any Member to ridicule the legislation. You may disagree with it, but let us not ridicule it. You may find some mistakes in the report, but there are not any reports that are brought out by any committee where, if you look long enough, you will not find something that is wrong with it. But for years, let me tell you this, the Department of Labor of the United States, under every administration since they have been making reports, has been telling the Congress and the people of the United States that there are areas of chronic unemployment and, yet,

I have never heard anybody get up in the well of this House who says they are opposed to this type of legislation and who says that the Department of Labor reports are wrong. Let us quit kidding ourselves. There are areas of chronic unemployment in this country, and I represent one of them. But let me tell you, if you do not believe it—I am not talking about people who just have not received a pay check in the last week or two or about people who have been out of work for just the last couple of months—come up to my district and I will show you families that have not cashed a pay check for years. They are the kind of people who want to work. They do not want a dole. They do not want any Government handout. They do not want to live on surplus food. All they want is an opportunity to work. I have had some people tell me to tell them to move. Well, that may be all right for young people and our young people are leaving our districts and they are leaving the districts in every place where there is chronic unemployment in this country. But, when you find a man

and woman who have bought themselves a home, where you find a family that has invested in their own community, where their family ties are in the community—you cannot ask the older people to get up and move. Let us quit kidding ourselves. What this bill would provide for our own people, it seems we are willing to do for every other country in the world. The President has just requested us to give him \$4 billion to spend for foreign aid. And they have so much money that they could not spend it all this year if they wanted to. Yet, you have people who get up here in the well of the House and say that we should not spend money for our own people in our own country. Shame on you for not being willing to support the people of our own country—our own people who when they had jobs were willing to pay their taxes and to support our country and our Government. That, Mr. Chairman, is what this bill does. It is not perfect; there are some places where we disagree with it; but do not forget that the President of the United States has recommended a bill of his own.

Here is an excerpt from the Sunday Independent of Wilkes-Barre, Pa., dated Sunday, May 1, 1959, stating that three of President Eisenhower's aides went up to the Scranton-Wilkes-Barre area and that when they returned they had made the decision that they were going to ask not the \$50 million that had been recommended by President Eisenhower, but \$100 million more, or a bill with a total amount of \$150 million.

Mr. BAKER. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield.

Mr. BAKER. There are thousands of coal miners in the northern part of Tennessee, in my district and the adjoining district, who have been unemployed for years through no fault of their own.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield.

Mr. PERKINS. I wish to compliment the gentleman from Pennsylvania on his statement and want to say that I agree with him. The President asked Congress to appropriate \$4,100 million for foreign aid, and when we failed to authorize one-twentieth of that amount for a program of help to our own people in this country, especially those of us who support the foreign aid bill, I agree with the gentleman that something is wrong.

Mr. SAYLOR. I just want to close with a Biblical quotation that I think should be a challenge to all to support this legislation:

But if any provide not for for his own, and especially for those of his own house, he hath denied the faith, and is worse than an infidel.—I Timothy 5: 8.

Mr. McDONOUGH. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. RIEHLMAN].

Mr. RIEHLMAN. Mr. Chairman, serious inequities in this legislation become readily apparent when one considers the effect it will have on the number of industrial areas in this country having records of substantial employment. The Syracuse, N.Y., industrial

area, which is composed of Onondaga, Madison, and Oswego Counties, has not been and is not presently eligible for assistance under the provisions of this bill. Yet the people of the Syracuse area would be compelled to pay taxes that would provide the funds for this program and at the same time, due to the convenient absence of antipirating provisions from the bill, would be faced with the possibility of losing precious industry to an area that had received financial assistance under the bill. I am sure most of the people back in Onondaga County would recognize the necessity for a modest loan program, not to finance the pirating of existing industries from established areas, but to foster the development of new industries and to provide for creation of new jobs in our chronically depressed areas. I wholeheartedly concur in the objectives recommended by the Secretary of Commerce, who said "that new jobs should be created in distressed communities rather than being transferred from another area."

We are willing to contribute tax dollars to help erase unemployment and poverty in the areas that have lost, through no fault of their own, most or all of their economic base. Is that not enough? Is it necessary in addition that we put our own industry on the auction block and give other areas the money to woo it away from us?

Let us be realistic. There is keen competition for industry in this country. Any industrial establishment, no matter how small, is of vital importance to a community. It is not enough that we lose industry because of the competition of imports from low-labor-cost countries. We are now asked to help other communities finance their efforts to lure our industry away. Well, that is too much to ask.

I would like to ask my colleagues from the high-employment areas around the country who support this bill what they are going to tell the people they represent when they see their own industry on the move to federally subsidized, depressed areas. Will you tell the family man who finds himself without a paycheck that everything is all right? Will you say that his loss of a job is in the best interests of the community and the country? It will be interesting to hear your justification for support of this bill.

I submit that a man out of work is, simply and tragically, a man out of work regardless of the industrial area he happens to call home, and I refuse to support a measure that could bring any additional unemployment to my district. It is my firm conviction that a vote on my part for S. 722 would be a vote against the best interests of every man, woman, and child in my district.

(Mr. RIEHLMAN asked and was given permission to revise and extend his remarks.)

Mr. McDONOUGH. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. HIESTAND].

(Mr. HIESTAND asked and was given permission to revise and extend his remarks.)

Mr. HIESTAND. Mr. Chairman, I rise in opposition to this bill.

Mr. Chairman, there are several basic reasons for my opposition; first of all it was conceived in a recessionary period, and some 40 or 50 such bills were designed to cure the recession. I suggest, Mr. Chairman, that we now have arrived at the highest peak of prosperity in the history of the country. Our unemployment is the lowest.

There are always spots of unemployment; I have one in the district I represent, caused by scientific progress, the shift from manned interceptors to missiles. We are all in this thing but, Mr. Chairman, this bill is not going to work and that is the reason I object.

First of all, it requires that an industry be taken from one district to another or else a new industry be started; it has to be one or the other. In addition to that there are 296 rural communities in five Southern States that are supposed to have industries put in them. Just what kind of industries can those be?

Likewise, when you take an industry from a district unemployment follows and becomes an added problem.

The criteria that have been mentioned are very, very vague and they include everything. But, primarily the bill will not work. Any businessman here or anywhere else knows perfectly well how hard it is to start a new business and make it pay. How can bureaucrats from Washington come into your district or into my district and take away an industry for every new one they establish? They must have management; they must have finance; they must have a guarantee of success. Suppose they do not succeed, how long are they going to have to subsidize this new industry in the new area? We just cannot guarantee success.

Mr. Chairman, the reason this thing is fundamentally wrong is because it completely ignores the causes of this unemployment, changes in transportation, exhaustion of raw materials, changing markets, changing demand for goods, labor problems, and unhealthy business climate by reason of labor or taxation policies.

Competition from imports has been touched upon. That is a great subject in itself, and constitutes one of our main problems.

The bill absolutely will not work because it does not get at basic causes, Mr. Chairman, and I oppose it.

Mr. PATMAN. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Chairman, the number of labor-surplus areas in the United States, both large and small, is not far from 200. The hard and challenging fact which no amount of wishful thinking can sidestep, is that a few of these areas have been so classified, without interruption, ever since this method of identifying them was established in January 1952.

More than 8 years have passed and these areas have not succeeded in creating new jobs for their displaced workers. Surely this is enough time to prove that the localities and the States, unaided, do

not have the resources to solve this problem.

The factors responsible for economic dislocations, such as shifts in demand for products, shifts in plant locations, exhaustion of certain natural resources, and lack of basic facilities such as the water supply, can and will affect other areas in the future.

Therefore, in legislating the Area Redevelopment Act, we shall not only help those communities that have been depressed by a labor surplus for a long time, but shall have a remedy available for those communities that may be affected by changing economic conditions that cannot be anticipated.

Our immediate concern is to assist surplus labor markets to help themselves and to promote their economic recovery. This is not an emergency relief measure, to take care of passing unemployment. The communities affected have been suffering from a labor surplus during a high level of national prosperity. Their problems have become chronic, and to solve them we must cooperate with local and State agencies and groups of private citizens, to rebuild their economic potential in order to provide new enterprises and jobs for the ones that have vanished.

We have postponed action on this problem for too long, in the vague hope that these areas would be able to bring about a miracle of recovery on their own and thus relieve us of the necessity for doing some pioneering work ourselves in order to cope with new problems.

It is not enough to exhort these areas to greater effort, while failing to reinforce them with that measure of help that we can make available to them. A man who has been shut out of work for months, and sometimes years, suffers an inevitable deterioration in morale. And with labor surplus areas, there is a material deterioration in their capacity to rehabilitate themselves. Vacant factory space, and empty stores in the heart of these areas mean diminishing tax revenues and financial resources. In their straitened circumstances they cannot make much headway toward their redevelopment.

How, for instance, can they provide for enlarged and improved community services, additional capital resources, new industrial development to create jobs, credit and technical assistance, or expanded vocational education?

The case histories of those areas that have been classified as labor surplus since January 1952 and were in this condition even before that time prove that local efforts, no matter how heroic and commendable they are, cannot succeed. This has now become a national problem.

If we can reduce the ratio of unemployment in labor surplus areas to the national average, we will save more in unemployment insurance alone than the amounts to be authorized by S. 722 as reported to the House. Furthermore, S. 722 will create productive and morale-building jobs so vital to these communities and to the national well-being.

I cannot understand why the administration opposes this bill when it is pri-

marily a loan program whereby four-fifths of the funds authorized would be paid back to the Federal Government. A policy of drift on this problem is neither practical nor economical.

The administration vigorously recommends the expenditure of billions of dollars each year for economic and technical development abroad.

It is dutybound, and as a matter of priority, to support a modest program of a few hundred million dollars for the redevelopment of labor-surplus areas in the United States.

Hard-hit communities need our constructive assistance.

S. 722 will be a positive step in this direction.

(Mr. LANE asked and was given permission to revise and extend his remarks.)

Mr. McDONOUGH. Mr. Chairman, I yield myself such time as I may use.

Mr. Chairman, I rise in opposition to the bill under consideration, S. 722.

This measure was conceived on the assumption that certain areas in the country would not share in the overall economic growth. For a good many of these areas this was a temporary situation; it is certainly evident that many of the communities originally eligible for financial aid under S. 722 no longer have need of such aid, if they ever did.

But more important, is this bill or any program of Federal Government aid the solution to what is essentially a local problem? Most of us do recognize that in some areas of the country there still exist relatively acute economic problems which may merit special attention. In my judgment, however, the sound and effective approach to these local problems is through the resources of private enterprise.

At the very most, if private sources cannot possibly do the entire job, then we ought to seriously consider the President's proposal of \$50 million program. Frankly, at the present time, I consider this to be excessive and unnecessary also.

I wonder if some of those who favor enactment of S. 722 actually know what the bill would do. Let me give you some examples:

First. S. 722 would set up mandatory requirements under which the Administrator would have to offer assistance to an area with an admitted temporary problem, such as a resort community or one that is undergoing normal industrial changes. Designed to help chronically depressed areas, the bill would really expend money in areas where it is scarcely needed.

Second. On the other hand, under this bill, the Administrator would have extremely loose authority in other instances. Since S. 722 does not clearly define an industrial area, the Administrator could designate as many of them as he wished, or he could limit the number to a very few. The bill simply states that a redevelopment area "may include one or more counties, or one or more municipalities, or a part of a county or municipality." No mention is made of what would constitute an industrial area, leaving the Administrator to fathom this for himself.

Third. As reported from Committee the bill would provide a \$75 million plant loan fund for rural areas. Aside from the dubious notion that such a proposal will bring industry to farm areas, think for a moment about section 6(c) which provides for Washington-appointed local committees. Should the designated county have no State or local development planning agency available to it, the Washington Administrator could appoint a local committee to decide who can and who cannot apply for assistance. This facet of the bill, I think, speaks for itself.

Fourth. Here is another, readily understandable example. For community facilities the bill contains a \$50 million loan fund and \$35 million in grant authorization for construction of public facilities. On a 40-year term loan the Government would pay a 4 percent interest to borrow money to extend a loan, and receive $2\frac{7}{8}$ -percent interest in return. If the Government is going into business it at least ought to conduct its affairs along sound business principles.

I would like to mention briefly one more danger connected with the bill under consideration. That is the unfair advantage one competitive firm would have over another when it is subsidized through lower cost, longer term plant financing.

Some companies would actually be subsidized at the expense of others, while certain industrial areas would lose business to other areas with the Federal Government being the moving force. I do not think this is what we are trying to accomplish, but it would happen under this bill.

In the very nature of things this subsidization is fundamentally discriminatory—it is charged with favoritism—it evades economic realities, is indirect Government competition, and will be detrimental to the economy.

There are three questions I hope the Members of the House will diligently try to answer before voting on S. 722. They are closely bound together in content and lead toward an inevitable conclusion. No. 1—Do we really need this legislation? No. 2—Should the Federal Government undertake a program of this sort, imposing a further burden on the taxpayers and one which encourages inflation? No. 3—Can we in good conscience, enact a bill with such glaring deficiencies as are contained in S. 722?

We are not facing the emergencies of a depression or a war in which new methods must be employed to finance business. In fact, this Nation has reached a point in its economic development where Government grants and loans ought to be curtailed rather than accelerated.

Let us face economic realities. It is impossible under our economic system to achieve a perfect matching of business and industrial activity with the labor force, and of supply with demand. Patterns do change and will continue to change. At any given time some adjusting must take place. It seems to me that it would be unwise for the Federal Government to apply artificial stimulants in these areas.

How much longer are we going to continue to evade our responsibilities as individuals, or attempt to substitute Federal aid for those activities which can and should be undertaken by private resources? In this particular case, as in many others, we are merely adding to the public debt while tacitly asking the American citizen to load more and more of the inherent financial risks of our economic life on the Federal Treasury.

Many companies and industrial areas can help themselves through imaginative programs to attract new business to the community. All of us have seen this proven time and again.

In addition, we have the excellent record of activities by State development credit corporation since the first of these was organized in Maine in 1949.

As of December 1959 development credit corporations were functioning in 12 States: Arkansas, Connecticut, Maine, Massachusetts, New Hampshire, New York, North Carolina, Pennsylvania, Rhode Island, South Dakota, Wisconsin, and Vermont. There appears to be an active interest in such programs in 10 additional States.

In Maine, New Hampshire, South Dakota, Pennsylvania, Wisconsin, Rhode Island, and Puerto Rico industrial credit authorities are authorized which are publicly owned or publicly supported by the State governments. In Maine, New Hampshire, and Rhode Island, the public authority is in addition to the private State development credit corporation.

Furthermore, the Small Business Investment Company Act of 1950 gave the SBA authority to make loans to these State development credit corporations. It also established in the SBA a new division responsible for stimulating and supplementing the flow of private equity capital and long-term loan funds which small business firms need for growth, expansion, and modernization. The SBA now reports more than 3,000 local development organizations under its auspices.

Already this program has been of assistance in eliminating the unemployment problem in many areas.

So there is something being done about the problems which remain in this field.

I am particularly concerned about the unfair competitive aspect of S. 722.

Under its provisions the Federal Government would be assisting unsuccessful competitors without curing the defects which prevented the borrower from launching his project in the private economy. The borrower is thus unjustly assisted in his competition with others who are not backed by the Government.

Does the public, in such a case, benefit more from helping the unsuccessful applicant than it gains from hindering his more fortunate competitor? Under S. 722 we would find out soon enough.

Costwise, a study of the plant loan program should give some Members food for thought. In a table accompanying the House minority report on S. 722, it is shown that California would be assessed \$15 million while receiving

no benefits; Illinois would pay \$11 million to get \$2.6 million in plant loan allocations; and to New York would accrue the sum of \$20.5 million in costs while benefiting by \$3.2 million in loan funds. These figures were based upon computed percentages of total Federal taxes borne by the States. The money would come from Federal taxes, of course.

In conclusion I urge the defeat of S. 722 because—

It would further expand the already excessive power of the Federal Government to intervene in private business.

It would substitute a Government subsidy for sound and imaginative business enterprise as the measure of success in our economic system.

It would impede cooperative efforts now in operation which represent a more effective and more realistic method of dealing with the problem.

It is an inequitable, much too costly piece of legislation.

(Mr. McDONOUGH asked and was given permission to revise and extend his remarks.)

Mr. McDONOUGH. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, one point is very well taken about the committee study. This committee report, of course, is dated back in March 1959 and refers to a different period in our economic situation. Certainly if this House were to consider anything involving our dynamic economy, that should be updated and related to the present time. This is a very difficult problem that we are involved in here. It involves what the economists refer to as frictional unemployment and it is going to always exist whenever we have rapid technological advancement. As a matter of fact, the more rapid the advancement the more difficult the problem.

One of the main areas we have to meet this problem—and the area, I suggest, where most must be done—is our unemployment insurance program. The Committee on Ways and Means last year, when we first went into the situation of unemployment insurance again, had several suggestions made to it which I thought were very basic and very sound, and I am only sorry that we have not been following up on that approach. But, there are many other programs already existing for extending a helping hand to depressed areas. These include technical aid at various levels of government—Federal, State, and local or regional—as well as through private consulting services.

But if we are to face this problem realistically, we must recognize this final point: While communities should grow to the limits of their potentials, communities—like individuals—have their limitations. We do not want to put our economy in a straitjacket and damage healthy economic growth.

This is a well known fact to local agencies. Where help can be administered, there is great activity. For instance, the Department of Commerce

reports some 2,000 private community groups conducting development programs, and that statewide organizations have been established in all but two States.

These States agencies, with their own professional development engineers, are vitally concerned with depressed communities in their States, and are attempting to attract or develop such industries as will be appropriate to the location. Local agencies are also vitally concerned with similar communities in their areas and are trying to attract industry.

Sponsors of the legislation say granting of Federal funds will not result in a transferral or relocation of any plant or facility to another area.

I am at a loss to understand how this can be done. Would the Federal administration under this act prohibit making a loan where a company seeks to close down an operation lock, stock and barrel in one community and start anew in another?

This is the insurmountable paradox with respect to the whole program for loans and grants. It sets up an inhibition against the use of these funds to attract industry to the distressed community from any other part of the country. Yet, the greatest opportunity for these communities to get back on their feet is to attract to themselves, as rapidly as they can, all the industry possible from other areas. This is the principal aim of all the local, regional and State development programs which we have discussed. All of them are engaged continuously in this very business of attracting businesses from other sections of the country.

Under the inhibitions contemplated in these bills, however, the value of the Federal funds will be lost. The Federal agency will be helpless to come to the aid of a community in most cases, for it will be very difficult to find instances in which the establishment of a new facility will not draw some customers and some production from another plant in another locality.

Mr. MULTER. Mrs. GRIFFITHS, I think, tried to make the point that you might help a factory or an industry to move from one city to another, inadvertently—that is to say they are going to expand, and they need another factory, and they go into a distressed labor area to build a new factory. What, if anything, in this law will prevent that company, after having expanded by building a new factory in the distressed area, sloughing off the work in the high priced area, where they originated, and having most of their work done in the new factory. What will prevent that?

Mr. McDONOUGH. The situation just described by the gentleman from New York [Mr. MULTER] indicates the Federal Government would be the agency that would initiate, stimulate, and promote the possibility of depleting the labor market in one area and transferring it to another. That is the way I understand it.

Mr. CURTIS of Missouri. We also have concern over the impact of federally financed plants on the less industrialized

areas of the country, particularly in our Southern States. This legislation will interfere with the normal competitive influences which are bringing about development of historically underprivileged sections in the South. It inevitably will slow down the rate of progress there.

Are we going to police the production lines, restrict sales efforts in certain areas or allocation of their production schedules and facilities as between customers or products?

There are other difficulties in the proposal to solve the problems of distressed areas by the use of loans and grants. We cannot assume that credit and capital are the major considerations in attracting new business to a given community. Such an assumption is open to serious question. In the specific matter of plant location and relocation, it has been found that raw materials and markets are usually the prime considerations. You may well question whether easy Government credit would influence the kind of stable industry around which a successful community economy is built. Surely we do not want to finance new marginal, speculative plants which ultimately become a new burden upon the community.

It is my strong belief that, in the interest of strengthening our State and local government, and the private economy, we should move in the direction of narrowing the scope of Federal operations. The present administration has achieved an excellent record in this regard. It has moved aggressively in the past to dispose of many Government businesses which compete with those of private citizens; it has finally eliminated the Reconstruction Finance Corporation; it has courageously established the Federal-State Action Committee to restore the functions and tax resources to the States. These new proposals move in a reverse direction; they open a whole round of new Federal subsidies for businesses, individuals, and organizations; they increase the reliance of the States and communities upon the Federal purse.

Two basic causes of the decline in economic activity are a national tax policy which undermines individual and business incentives and drains away the venture capital which our economy needs for growth; and wage increases exceeding gains in productivity, which have forced many prices up to the point where there is reluctance by consumers to buy in sufficient quantities to keep everyone employed.

To correct these conditions and stimulate full economic activity, the administration and the Congress should move to reform the Federal tax rate structure so as to remove roadblocks to growth and so that the tax revenue the Government needs can be produced by a strong and expanding economy.

Government at all levels—Federal, State, and local—should administer public affairs with the greatest economy so that the least possible burden is placed on the ability of business and industry to move ahead and produce.

Businessmen should continue their optimistic outlook and strike out boldly with new ideas, new products, new meth-

ods to increase productivity, and new sales efforts.

Advocates of greater Federal intervention into the private business economy; of greater Federal intrusion into the policies of the States; of greater Federal spending for pump priming and other economic programs to capitalize upon this recession for the promotion of their favorite projects are, Mr. Chairman, undermining the confidence of our people to help themselves at a State and local level.

(Mr. CURTIS of Missouri asked and was given permission to revise and extend his remarks.)

Mr. McDONOUGH. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. ALGER].

(Mr. ALGER asked and was given permission to revise and extend his remarks.)

Mr. ALGER. Mr. Chairman, in this brief time and in view of the fact that many of the Members here today for the bill have simply extended their remarks in the RECORD instead of speaking, I am still at a loss to understand this bill, because it does not help to solve the problem. I may say to my colleagues on both sides who are genuinely concerned and want to solve the problem that there are some who have spoken about Texas and what Texas gets, and you hear a lot about Texas in both Houses, but I want you to hear from one Texan that a lot of Texans do not know they are in distressed areas. And, in these 17 counties, in the report to be designated as depressed areas, I suspect the people themselves would not say they are in depressed areas, and I think you might check down in Texas and find this quite true. Most of all, I want to congratulate and commend the Members who signed the minority report. I find their views very succinct and to the point. This is simply a bill to substitute Washington control for local control, and I think many of you see it for that, without solving the problem.

Mr. Chairman, I wonder if this legislation is not a bailout for union leadership in communities where plants have closed down in a losing struggle to meet union demands and still survive in open competition.

For labor union leadership, of course, a Federal bailout is tailor made in the present proposal. If an employer moves out of town because he can no longer do business under the terms and conditions dictated by the union, Uncle Sam will move in to take the onus off the union's shoulders.

In any event, when the Federal Government tends to take away or share with the community the responsibility for solving its problems, it goes a long way toward killing incentives for doing so and thus perpetuating local economic distress. Throughout the history of this country, the solution of these problems has been left to the interplay of free economic forces. The expansion of activities in one area and contraction in another is a perfectly normal phenomenon in a highly complex, industrial society. Population shifts from town to town and

State to State, and the mobility of the labor force in meeting these economic opportunities and needs are among the fundamental advantages of our free competitive system.

History is replete with cases of such population shifts. For example, various western mining towns or New England agricultural communities of the past century have experienced the impact of younger people moving on to areas affording more advantageous employment opportunities and a resultant higher standard of living.

Recently an analysis was made of the 149 major labor areas reviewed bi-monthly by the U.S. Bureau of Employment Security. Of these 149 major labor areas, only 13 have been consistently classified throughout the past 4 years as "substantial labor surplus areas," or substantial unemployment. All 13 of these situations combined had a total unemployment problem amounting to less than one-fifth of 1 percent of the total national labor force. Apparently, the need for Federal aid to depressed areas has been greatly exaggerated and is not actually a national problem.

In our efforts to evaluate the type of legislation which we are considering today, we have recognized that the subject of unemployment is a sensitive one for any individual involved. The humanitarian aspects of the problem are not to be denied. However, the present proposals have concerned themselves with a problem truly minute in comparison with the national problem of affording continuous employment to some 66 million persons.

Some time back a leading industrial association surveyed more than 3,000 small businesses in the Nation asking how many had ever asked the Government for financial help. The response was as follows:

Have you asked the Government for financial assistance?

[By size of business]					
Number of employees	Total number of respondents	Yes		No	
		Number	Percent	Number	Percent
50 or less.....	1,011	82	8	929	92
51 to 100.....	612	66	11	546	89
101 to 250.....	883	80	9	803	91
251 and over.....	765	44	6	721	94
Other.....	3	0	---	3	100
Total.....	3,274	272	8	3,002	92

The association then asked another question, What the Government should do to help small business. The response was largely to revise the tax laws and to keep Government hands off business money. Five percent of those responding favored direct loans by the Government and only 6 percent wanted the Federal Government to guarantee business loans, out of more than 18,000 firms surveyed:

What the Government should do to help small business

	Number of instances	Percent of total
I. In nonfinancial areas:		
Revise tax laws.....	871	29
Government keep hands off business.....	782	26
Aid in obtaining Government contracts.....	221	7
II. To facilitate or encourage financing of small business:		
Insure or guarantee loans.....	184	6
Direct loans by Government.....	150	5

(Mr. MUMMA (at the request of Mr. McDONOUGH) was given permission to extend his remarks at this point in the RECORD.)

Mr. MUMMA. Mr. Chairman, while I am a supporter of the President's plan for area development and his carefully laid down principles therein, I hesitate to associate myself with the ramifications in the House Banking and Currency Committee measure as reported.

Our own State of Pennsylvania has been doing something about its own peculiar problems within the boundaries of our Commonwealth but because other States have failed to tackle the problem likewise on a local basis is no reason for the false belief that all we have to do is run to the Federal Government for a cure-all for all ailments.

I feel as the President does, that when you name heavily industrialized areas like Detroit as a depressed area, such a program will injure, not help, the chronically affected areas like the ones in Pennsylvania if funds and loan advantages are indiscriminately broadcast to other areas that do not urgently require such assistance.

I have noticed in the ads in the Wall Street Journal paid for by the Pennsylvania Department of Commerce they advertise a 100-percent financing. So I can see no need particularly for this money. Of course, Pennsylvania would hesitate to sit idly by while the rest of these other States, who are not trying as hard as Pennsylvania is, would reap all the benefits inasmuch as Pennsylvania does pay a good share of the taxes raised by the Federal Government.

Just last night I had a talk with Mr. Davlin and discussed this 100 percent financing that Pennsylvania already has. He said that the more money they get the more they could do. Pennsylvania is quite proud of what it has done.

Mr. Davlin, of course, is secretary of the Pennsylvania Department of Commerce and I have had contacts from time to time with other people high up in the State government like him and the secretary of labor and industry, Mr. Batt, and explained that I would be willing to vote for the amount that President Eisenhower suggested in this matter. Last time I tried to do this when the bill came up in the Congress and did support the Fenton amendment. However, this did not prevail.

Anyway, not only does Pennsylvania have a program already for developing new industry and making new jobs, but you can go to some of our communities and find they even have a retraining program to supply any new plant brought in with comparatively trained men.

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:
Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Area Redevelopment Act."

Mr. SPENCE. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:
Committee amendment, offered by Mr. SPENCE: Strike out all after the enacting clause and insert: "That this Act may be cited as the 'Area Redevelopment Act'."

"DECLARATION OF PURPOSE
"SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources without substantially reducing employment in other areas of the United States.

"AREA REDEVELOPMENT ADMINISTRATION
"SEC. 3. In order to carry out the purposes of this Act, there is hereby established, within the executive branch of the Government, an Area Redevelopment Administration. Such Administration shall be under the direction and control of an Administrator (hereinafter referred to as the 'Administrator') who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the rate of \$20,000 per annum.

"ADVISORY BOARD
"SEC. 4. (a) To advise the Administrator in the performance of functions authorized by this Act, there is authorized to be created an Area Redevelopment Advisory Board (hereinafter referred to as the 'Board'), which shall consist of the following members, all ex officio: The Administrator as Chairman; the Secretaries of Agriculture; Commerce; Defense; Health, Education, and Welfare; Interior; Labor; and Treasury; the Administrators of the General Services Administration; Housing and Home Finance Agency; and Small Business Administration; and the Director of the Office of Civil and Defense Mobilization.

"The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

"(b) The Administrator shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, and the public in general. From the members appointed to such Committee the Administrator shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Administrator relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

"(c) The Administrator is authorized from time to time to call together and confer with representatives of the various parties in interest from any industry, including agriculture, which has been a primary source of high levels of unemployment or underemployment in the several areas designated by the Administrator as redevelopment areas. The Administrator may also call upon representatives of interested governmental departments and agencies, together with representatives of transportation and other industries, to participate in any conference convened under authority of this subsection whenever he determines that such participation would contribute to a solution of the problems creating such unemployment or underemployment. The representatives at any such conference shall consider with and may recommend to the Administrator plans and programs to further the objectives of this Act with special reference to the industry with respect to which the conference was convened.

"REDEVELOPMENT AREAS

"SEC. 5. (a) The Administrator shall designate as 'industrial redevelopment areas' those industrial areas within the United States in which he determines that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any industrial area in which there has existed unemployment of not less than (1) 12 per centum of the labor force during the twelve-month period immediately preceding the date on which an application for assistance is made under this Act, (2) 9 per centum of the labor force during at least fifteen months of the eighteen-month period immediately preceding such date, or (3) 6 per centum of the labor force during at least eighteen months of the twenty-four-month period immediately preceding such date. Any industrial area in which there has existed unemployment of not less than 15 per centum of the labor force during the six-month period immediately preceding the date on which application for assistance is made under this Act may be designated as an industrial redevelopment area if the Administrator determines that the principal causes of such unemployment are not temporary in nature.

"(b) The Administrator shall also designate as 'rural redevelopment areas' those rural areas within the United States in which he determines that there exist the largest number and percentage of low-income families, and a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection, the Administrator shall consider among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are

to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, and the availability of manpower in each area for supplemental employment. There shall be included among the areas designated under this subsection any county (1) which is among the five hundred counties in the United States ranked lowest in level of living of farm-operator families, or (2) which is among the five hundred counties in the United States having the highest percentage of commercial farms producing less than \$2,500 worth of products for sale annually. The Secretary of Agriculture shall compile, and keep current, lists of the counties referred to in the preceding sentence, for use by the Administrator in making designations under this subsection; and until such time as a current version of such lists is available after the enactment of this Act the Administrator shall make such designations on the basis of the 'Farm-Operator Family Level of Living Indexes for Counties in the United States in 1954' (published as Statistical Bulletin 204, Department of Agriculture, 1957) and volume I of the '1954 Census of Agriculture' (Government Printing Office, 1956).

"(c) In making the determinations provided for in this section, the Administrator shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

"(d) Upon the request of the Administrator, the Secretary of Labor, the Secretary of Agriculture, and the Secretary of Commerce are respectively authorized to conduct such special studies, obtain such information, and compile and furnish to the Administrator such data as the Administrator may deem necessary or proper to enable him to make the determinations provided for in this section. The Administrator shall reimburse, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

"(e) As used in this Act, the term 'redevelopment area' refers to any area within the United States which has been designated by the Administrator as an industrial redevelopment area or a rural redevelopment area, and may include one or more counties, or one or more municipalities, or a part of a county or municipality.

"LOANS AND PARTICIPATIONS

"SEC. 6. (a) The Administrator is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including machinery and equipment) for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied factory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use. Such financial assistance shall not be extended for working capital, or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(b) Financial assistance under this section shall be on such terms and conditions as the Administrator determines, subject, however, to the following restrictions and limitations:

"(1) The total amount of loans and loan participations (including purchased evi-

dences of indebtedness) outstanding at any one time under this section (A) with respect to projects in industrial redevelopment areas shall not exceed \$75,000,000, and (B) with respect to projects in rural redevelopment areas shall not exceed \$75,000,000;

"(2) Except as provided in subsection (c), such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision;

"(3) The project for which financial assistance is sought is reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located;

"(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms;

"(5) No loans shall be made unless it is determined that an immediate participation is not available;

"(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment;

"(7) Subject to section 11(5) of this Act, no loan may be made hereunder for a period exceeding thirty years and no evidences of indebtedness maturing more than thirty years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Administrator as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor;

"(8) Such loans shall bear interest at a rate determined by the Secretary of the Treasury which shall be not greater than the current average yield on outstanding marketable obligations of the United States of comparable maturities as computed (in the case of any loan) at the end of the month preceding the month in which the loan is made, plus one-half of 1 per centum per annum: *Provided*, That an amount equal to one-fourth of 1 per centum per annum of the outstanding principal amount of any loan made under this section shall be allocated from the payments received by the Administrator in the form of interest on such loan to a sinking fund to cover losses on loans under this section;

"(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project and shall, among others, be on the following conditions:

"(A) That other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

"(B) That not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, as equity capital or as a loan;

"(C) That in extending financial assistance under this section with respect to an industrial or rural redevelopment area, the Administrator shall require that not less than 5 per centum of the aggregate cost of

the project for which such loan is made shall be supplied by nongovernmental sources; and

"(D) That if any Federal financial assistance extended under this section is secured, the Administrator shall provide that its security shall be subordinate and inferior to the lien or liens securing other loans made in connection with the same project to the extent he finds such action necessary to encourage financial participation in such project by other lenders and investors; and

"(10) No such assistance shall be extended unless there shall be submitted to and approved by the Administrator an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by the laws of the State or local political subdivision in which the project would be located.

"(c) If there is no agency or instrumentality in any State, or political subdivision thereof, qualified to approve applicants for assistance under this section as provided in paragraph (2) of subsection (b), the Administrator shall, upon determining that any area in such State is a redevelopment area, appoint a local redevelopment committee (hereinafter referred to as a "local committee") to be composed of not less than seven residents of such area who, as nearly as possible, are representative of labor, commercial, industrial, and agricultural groups, and of the residents generally of such area. In appointing any such local committee, the Administrator may include therein members of any existing local redevelopment committees. Financial assistance under this section in connection with projects located in a redevelopment area, for which a local committee has been appointed under this section, shall be extended only to applicants, both private and public (including Indian tribes), which have been approved by such local committee.

"(d) There is hereby authorized to be appropriated not to exceed \$150,000,000, of which not more than \$75,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in industrial redevelopment areas, and not more than \$75,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in rural redevelopment areas.

"LOANS FOR PUBLIC FACILITIES

"SEC. 7. (a) Upon the application of any State or political subdivision thereof, or any Indian tribe, the administrator is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that—

"(1) the project for which financial assistance is sought will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

"(2) the funds requested for such project are not otherwise available on equally favorable terms;

"(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof;

"(4) there is a reasonable expectation of repayment; and

"(5) such area has an approved economic development program as provided in section

6(b) (10) and the project for which financial assistance is sought is consistent with such program.

"(b) No loan under this section shall be for an amount in excess of the aggregate cost of the project for which such loan is made, as determined by the Administrator. Subject to section 11(5), the maturity date of any such loan shall be not later than 40 years after the date such loan is made. Any such loan shall bear interest at a rate determined by the Secretary of the Treasury which shall be not greater than the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the year in which the loan is made and adjusted to the nearest one-eighth of 1 per centum, plus one-quarter of 1 per centum per annum.

"(c) There is hereby authorized to be appropriated not to exceed \$50,000,000, which shall be deposited in a revolving fund to be used for the purpose of making loans under this section.

"(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

"GRANTS FOR PUBLIC FACILITIES

"SEC. 8. (a) The Administrator may conduct studies of needs in the various redevelopment areas throughout the United States for, and the probable cost of, land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of useful public facilities within such areas, and may receive proposals from any State or political subdivision thereof, or any Indian tribe, relating to land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any such area. Any such proposal shall contain plans showing the project proposed to be undertaken, the cost thereof, and the contributions proposed to be made to such cost by the entity making the proposal. The Administrator, in consultation with such entity, is authorized to modify all or any part of such proposal.

"(b) The Administrator, pursuant to a proposal received by him under this section, may make grants to any State or political subdivision thereof, or any Indian tribe, for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within a redevelopment area, if he finds that—

"(1) the project for which financial assistance is sought will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

"(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute;

"(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section; and

"(4) such area has an approved economic development program as provided in section 6(b) (10) and the project for which financial assistance is sought is consistent with such program.

The amount of any grant under this section for any such project shall not exceed the difference between the funds which can be practicably obtained from other sources (including a loan under section 7 of this Act) for such project, and the amount which is necessary to insure the completion thereof.

"(c) The Administrator shall by regulation provide for the supervision of carrying out of projects with respect to which grants are made under this section so as to insure that Federal funds are not wasted or dissipated.

"(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

"(e) There is hereby authorized to be appropriated not to exceed \$35,000,000 for the purpose of making grants under this section.

"INFORMATION

"SEC. 9. The Administrator shall aid redevelopment areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating conditions of excessive unemployment or underemployment within such areas. The Administrator shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

"TECHNICAL ASSISTANCE

"SEC. 10. In carrying out his duties under this Act, the Administrator is authorized to provide technical assistance to areas which he has designated as redevelopment areas under this Act. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Administrator through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

"POWERS OF ADMINISTRATOR

"SEC. 11. In performing his duties under this Act, the Administrator is authorized to—

"(1) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the

provisions of this Act, and define their authority and duties, provide bonds for them in such amounts as the Administrator shall determine, and pay the costs of qualification of certain of them as notaries public;

"(2) hold such hearings, sit and act at such times and places, and take such testimony as he may deem advisable;

"(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Administrator;

"(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this Act, and collect or compromise all obligations assigned to or held by him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

"(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

"(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with the payment of loans made under this Act;

"(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Administrator, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Administrator pursuant to the provisions of this Act may be exercised by the Administrator or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

"(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

"(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or

otherwise administratively dealing with or realizing on loans made under this Act;

"(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses; and

"(11) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

"TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

"SEC. 12. Whenever the Administrator shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Administrator determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Administrator that such area no longer qualifies as a redevelopment area. The Administrator shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

"URBAN RENEWAL

"SEC. 13. (a) Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

"SEC. 112. (a) When the Area Redevelopment Administrator certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a "municipality") is situated in an area designated under section 5(a) of the Area Redevelopment Act as an industrial redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economic development, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) that the project area be clearly predominantly residential in character or that it be redeveloped for predominantly residential uses; but no such assistance shall be provided in any area if such Administrator determines that it will assist in relocating business operations from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or non-profit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *And provided further*, That the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed under section 105(b).

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section for the completion of such project, notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an industrial redevelopment area under the Area Redevelopment Act.

"(f) Not more than 10 per centum of the funds authorized for capital grants under section 103 after January 1, 1959, shall be available to provide financial assistance under this section."

"URBAN PLANNING GRANTS

"SEC. 14. The second sentence of section 701 of the Housing Act of 1954 is amended by adding the following in clause (2) after the words 'decennial census which': '(1) are situated in areas designated by the Area Redevelopment Administrator under section 5(a) of the Area Redevelopment Act as industrial redevelopment areas, or (ii).'

"VOCATIONAL TRAINING

"SEC. 15. (a) The Secretary of Labor is authorized, upon request and whenever he determines such studies are needed, to undertake, or to provide assistance to others in, studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any redevelopment area.

"(b) When skills of the labor force in a redevelopment area are not such as to facilitate full utilization of the human resources in such area, the Secretary of Labor is authorized to provide advice and technical assistance in developing and carrying out a program to improve the utilization of such labor force.

"(c) Whenever the Secretary of Labor finds a need for vocational education services in a redevelopment area and when such area has an approved economic development program as provided in section 6(b)(10), he is authorized to assist interested agencies to determine the vocational training needs of unemployed individuals residing in the area, and he shall notify the Secretary of Health, Education, and Welfare of the vocational training or retraining requirements of the area. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, is authorized to provide assistance, including financial assistance when necessary or appropriate, to the State board for vocational education in the provision of such services in the area. There is hereby authorized to be appropriated not to exceed \$1,500,000 annually for the purpose of pro-

viding financial assistance under this subsection.

"(d) Any vocational training or retraining provided under this section shall be designed to enable unemployed individuals to qualify for new employment in the redevelopment area.

"RETRAINING SUBSISTENCE PAYMENTS

"SEC. 16. (a) The Secretary of Labor in consultation with the Administrator shall, on behalf of the United States, enter into agreements with States in which redevelopment areas are located under which the Secretary of Labor shall make payments to such States for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed individuals residing within such redevelopment areas who are not entitled to unemployment compensation (either because their unemployment compensation benefits have been exhausted or because they were not insured for such compensation) and who have been certified by the Secretary of Labor to be undergoing vocational training or retraining under section 15 of this Act. Such payments shall be made for a period not exceeding thirteen weeks, and the amounts of such payments shall be equal to the amount of the average weekly unemployment compensation payment payable in the State making such payments.

"(b) The Secretary of Labor and the Administrator shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

"(c) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000, as may be necessary to carry out the provisions of this section.

"PENALTIES

"SEC. 17. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administrator, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(b) Whoever, being connected in any capacity with the Administrator, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Administrator or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration, makes any false entry in any book, report, or statement of or to the Administrator, or without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administrator, or (4) gives any unauthorized information concerning any future action or plan of the Administrator which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administrator, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

"SEC. 18. No loan shall be made by the Administrator under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administrator the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administrator for assistance of any sort, and the fees paid or to be paid to any such person; and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administrator to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration, occupying a position or engaging in activities which the Administrator shall have determined involve discretion with respect to the granting of assistance under this Act.

"PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

"SEC. 19. The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on projects undertaken by public applicants assisted under this Act (1) shall be paid wages at rates no less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of August 30, 1935 (Davis-Bacon Act), and (2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed.

"ANNUAL REPORT

"SEC. 20. The Administrator shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1960. Such report shall be printed, and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business firms located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Administrator, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Administrator such information as may be necessary for the purposes of this section.

"APPROPRIATION FOR ADMINISTRATIVE EXPENSES

"SEC. 21. There are hereby authorized to be appropriated such sums as may be necessary for the administrative expenses incurred in carrying out the provisions of this Act.

"USE OF OTHER FACILITIES

"SEC. 22. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Administrator shall, to the extent practicable and with their consent, use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will

assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing power, duties, and functions of any other department or agency of the Federal Government.

"RECORDS AND AUDIT

"SEC. 23. (a) Each recipient of assistance under section 6, 7, or 8 of this Act shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6, 7, or 8 of this Act."

Mr. SPENCE (interrupting the reading of the amendment). Mr. Chairman, as the committee amendment is already printed in the bill, I ask unanimous consent that further reading be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. HALEY. Mr. Chairman, I object. (The Clerk completed the reading of the amendment.)

The CHAIRMAN. The gentleman from Kentucky [Mr. SPENCE] is recognized.

Mr. SPENCE. Mr. Chairman, this committee amendment reduces the amount authorized in the Senate bill by \$139 million. The committee amendment authorizes an appropriation of \$251 million. The Senate bill authorizes an appropriation of \$390 million.

Seventy-five million dollars is authorized as a revolving fund for the industrial development of rural areas.

Seventy-five million dollars is authorized in a revolving fund for development in industrial areas.

Fifty million dollars is authorized for loans for community facilities.

Thirty-five million dollars is authorized for grants to communities that cannot otherwise obtain necessary community facilities.

Ten million dollars is authorized for unemployed persons who are not entitled to unemployment compensation, and who are taking the training authorized in the act.

One million, five hundred thousand dollars is authorized for vocational education.

Four million five hundred thousand dollars is authorized for technical assistance. I think this technical assistance is very necessary for the effective operation of the act.

Mr. Chairman, this bill is far preferable to the Senate bill. I hope the committee amendment will be adopted. The technical assistance provisions are very essential for the redevelopment of many

areas in the United States. In my own State, there is a great rural area in the eastern district of Kentucky, which is now in the depths of a depression and has been that way for several years.

I hope some benefit can be received by that area from this bill. The people have been out of work. The people are in many instances unable to obtain a living. One of the citizens up in that country told me the other day that the only checks he saw were old-age assistance checks and social security checks.

I believe that technical assistance may in some respects revive that district. I saw the other day a statement that some nation abroad has converted from coal—and Kentucky is a land of bituminous coal—had produced electrical energy at the mine entrance and conveyed it on high-tension lines throughout the country. If we could do something like that in the eastern district of Kentucky it might revive that great industrial area which, is also rural, to some state of prosperity and productivity that would change the whole character of that country and bring back the happiness and prosperity of the people.

These things are certainly worth exploring. I have no doubt that through the application of new advances in science we will be able to raise many of these depressed areas into areas of prosperity. I have great faith that something will be discovered—something must be discovered—to bring back the prosperity and happiness of the people.

Mr. WIDNALL. Mr. Chairman, I offer an amendment as a substitute.

The Clerk read as follows:

Amendment offered by Mr. WIDNALL as a substitute for the amendment offered by Mr. SPENCE: Strike out all after the enacting clause and insert the following: "That this Act may be cited as the 'Area Assistance Act of 1960'."

"DECLARATION OF PURPOSE

"SEC. 2. The Congress declares that, even during periods of prosperity for the Nation as a whole, some of our communities suffer substantial and persistent unemployment; that such unemployment causes hardship to many individuals and their families and detracts from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment to take effective steps in planning and financing their economic development; that Federal assistance should enable communities to achieve lasting improvement and decrease economic vulnerability by the establishment of stable and diversified local economies; and that new employment opportunities should be created rather than merely transferred from one community to another.

"AUTHORITY OF SECRETARY OF COMMERCE

"SEC. 101. (a) The Secretary of Commerce, hereinafter referred to as the Secretary, may designate as an area of substantial and persistent unemployment any area certified as eligible for such designation by the Secretary of Labor.

"(b) To assist areas in the United States designated as areas of substantial and persistent unemployment, the Secretary is authorized—

"(1) to make grants for technical assistance for such areas in accordance with the provisions of section 106 (a) of this Act; and

"(2) to provide loans for such areas in

accordance with the provisions of section 107 of this Act.

"(c) The Secretary is also authorized—

"(1) to extend the full cooperation of the Federal Government to all areas in the United States (including Puerto Rico) in promoting the more effective use of local resources, in the establishment of new industries based on local resources, and in the expansion of existing industries; such cooperation to be provided through technical advice and consultation and, when necessary, through the conduct of special studies;

"(2) to decrease, through grants made in accordance with the provisions of section 106(b) of this Act, the economic vulnerability of towns predominantly dependent on one industry, small towns which could serve as centers for economic diversification of rural areas of underemployment, and rural low-income areas by helping them develop manufacturing, processing, and other activities calculated to diversify and improve their economies; and

"(3) to coordinate his functions under this Act with those of the Secretary of Agriculture and other officials administering Federal programs affecting local economic conditions.

"(d) As used in this Act: (1) the term 'United States' includes the several States and the District of Columbia; (2) the term 'State' refers to an individual State or the District of Columbia; and (3) the term 'loan' includes loans, immediate participation in loans, and purchase of evidences of indebtedness.

"AUTHORITY OF SECRETARY OF LABOR

"SEC. 102. (a) The Secretary of Labor shall from time to time, or upon the request of the Secretary, certify the existence of areas eligible for designation as areas of substantial and persistent unemployment whenever he finds, on the basis of available labor force data, or studies which he initiates when he deems necessary, that—

"(1) the rate of unemployment in the area, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum and has averaged at least 6 per centum for the qualifying time periods specified in (2) below; and

"(2) the annual average rate of unemployment in the area has been at least:

"(A) 50 per centum above the national average for four of the preceding five calendar years, or

"(B) 75 per centum above the national average for three of the preceding four calendar years, or

"(C) 100 per centum above the national average for two of the preceding three calendar years; and

"(3) Nonagricultural employment in the area has declined, or has shown a smaller increase than in the country as a whole, during the preceding five calendar years: *Provided*, That no area shall be excluded by the requirement of this subsection if the annual average rate of unemployment in that area for three of the last four years exceeds 8 per centum.

"(b) In the case of labor market areas for which appropriate historical labor force data have not been compiled, the Secretary of Labor shall certify as eligible for designation as areas of substantial and persistent unemployment those areas in which the unemployment rate and duration, based on a survey of available labor force data, generally equals or exceeds the rate and duration specified in section 102(a).

"(c) The Secretary of Labor may also certify under subsections (a) or (b) of this section the existence of eligible areas upon request of any appropriate State government agency, instrumentality, or political subdivision.

"(d) The Secretary of Labor is authorized, upon request and whenever he determines that such studies are needed, to undertake,

or to provide assistance to others in studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of an area certified under section 102.

"(e) When skills of the labor force in an area designed under section 101 are not such as to facilitate full utilization of the human resources in such area, the Secretary of Labor is authorized to provide advice and technical assistance in developing and carrying out a program to improve the utilization of such labor force.

"(f) Whenever the Secretary of Labor finds a need for vocational education services in an area designated under section 101 and when such area has an economic development program as provided in section 107(b)(9), he is authorized to assist interested agencies to determine the vocational training needs of unemployed individuals residing in the area, and he shall notify the Secretary of Health, Education, and Welfare of the vocational training or retraining requirements of the area. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, is authorized to provide assistance, including financial assistance when necessary or appropriate, to the State vocational education agency in the provision of such services in the area.

"AUTHORITY OF HOUSING AND HOME FINANCE ADMINISTRATOR

"SEC. 103. Title I of the Housing Act of 1949, as amended, is amended by adding the following new heading and section at the end of title I:

"AREAS OF SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT

"SEC. 113. (a) When the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (referred to as "municipality" in this section) is situated in an area designated by the Secretary of Commerce pursuant to the Area Assistance Act of 1960 as an area of substantial and persistent unemployment, and (2) that there is a reasonable probability that with assistance provided under the Area Assistance Act of 1960 and other undertakings the area will be able to achieve lasting improvement in its economic development, the Administrator is authorized to extend financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) of this title that the project area be clearly predominantly residential in character or that it will be predominantly residential under the urban renewal plan.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provisions of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *Provided further*, That the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed in conformity with the requirements of section 105(b) hereof.

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested under this section for the completion of such project notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an area of substantial and persistent unemployment."

"SEC. 104. The first sentence of section 202(c) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(c) In the processing of applications for financial assistance under this section, the Administrator shall give priority first to applications of counties, cities, and other municipalities and political subdivisions for financing needed public facilities in areas determined to be areas of substantial and persistent unemployment under the Area Assistance Act of 1960: *Provided*, That the Secretary of Commerce certifies there is reasonable probability that with assistance made available under the Area Assistance Act of 1960 and other undertakings such areas will be able to achieve lasting improvement in their economic development; and second, to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need."

"SEC. 105. Paragraph (3) of section 701 (a) of the Housing Act of 1954 is amended by inserting after 'cities, other than municipalities, and counties which' the following: '(A) are situated in areas designated by the Secretary of Commerce under the Area Assistance Act of 1960 as areas of substantial and persistent unemployment, or (B)'."

"GRANTS FOR TECHNICAL ASSISTANCE"

"SEC. 106. (a) In carrying out section 101(b)(1), the Secretary is authorized to make grants for technical assistance including studies evaluating the needs of, and developing potentialities for, economic growth of areas designated under section 101(a). These grants may be made without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529). Appropriations are hereby authorized for these grants in an amount not to exceed \$1,500,000 annually.

"(b) In carrying out section 101(c)(2), the Secretary is authorized to make similar grants for the benefit of towns and areas described therein. Negotiations taking into account the financial ability of the grantee and other relevant considerations shall be made for contributions to costs of projects undertaken hereunder. These grants may be made without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529), and appropriations therefor are hereby authorized in an amount not to exceed \$1,500,000 annually.

"LOANS"

"SEC. 107. (a) In carrying out section 101(b)(2) of this Act, the Secretary is authorized to aid in financing any project for the purchase or development of land and facilities for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied factory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use. Such loans shall not be extended for working capital, for purchase of machinery or equipment, or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(b) Loans made under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

"(1) The total amount of loans outstanding at any one time shall not exceed \$50,000,000;

"(2) Such loans shall be extended only to applicants, both private and public, approved by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed shall be located;

"(3) No such loan shall be extended hereunder unless the financial assistance applied for is not otherwise available from other lenders on reasonable terms;

"(4) No direct loan shall be made unless it is determined that an immediate participation is not available;

"(5) No loans shall be made unless it is determined that there is a reasonable assurance of repayment;

"(6) Each loan shall bear interest at a rate not less than the interest rate currently payable under section 108(e) on advances from the Treasury plus additional amounts deemed adequate to cover administrative expenses and a reasonable reserve for losses;

"(7) No loan, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor, or if extension or renewal for additional periods, not to exceed, however, a total of ten years, will aid in the orderly liquidation of such loan or of such evidence of indebtedness;

"(8) (A) No less than 15 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities, and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project shall be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization, as equity capital or as a loan repayable only after the financial assistance hereunder has been repaid in full according to the terms thereof and, if such loan is secured, its security shall be subordinate and inferior to the lien or liens securing the financial assistance hereunder.

"(B) Of the remaining 85 per centum of the aggregate cost, 35 per centum of the aggregate cost may be loaned by the Secretary under the terms of this Act and security for such a loan may be subordinate and inferior to the lien or liens which secure any loan or financing other than funds required by section 107(b)(8)(A).

"Loans shall not be available hereunder unless other funds are available in an amount which, together with assistance provided hereunder and funds provided under section 107(b)(8)(A), shall be sufficient to pay such aggregate cost.

"(9) No such loan shall be extended unless there shall be submitted and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which loans is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

"AREA ASSISTANCE FUND"

"SEC. 108. (a) There is hereby authorized to be established in the Treasury of the United States a revolving fund to be

known as the area assistance fund (hereinafter referred to as the 'fund'), which shall be available to the Secretary for the payment of all obligations and expenses in connection with the loans authorized under section 101(b)(2).

"(b) When requested by the Secretary, advances shall be made to the fund from the appropriations made therefor. There is hereby authorized to be appropriated for the purpose of making advances to the fund, without fiscal year limitation, an amount not exceeding \$50,000,000.

"(e) Receipts arising from the loan program shall be credited to the fund.

"(d) Any moneys in the fund determined by the Secretary to be in excess of current needs shall be credited to the appropriation from which advanced to be held for future advances to the fund.

"(e) There shall be paid into miscellaneous receipts of the Treasury at the close of each fiscal year interest on advances to the fund at a rate which shall be determined by the Secretary of the Treasury after taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to loans made by the Secretary.

"(f) Contributions shall be made from the fund to the civil service retirement and disability fund, on the basis of annual billings as determined by the Civil Service Commission, for the Government's share of the cost of the civil service retirement system applicable to employees (and their beneficiaries) performing activities authorized under section 101(b)(2). Contributions shall also be made to the employee's compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees performing activities authorized under section 101(b)(2). The annual billings shall also include a statement of the fair portion of the cost of the administration of the respective funds, which shall be paid by the Secretary into the Treasury as miscellaneous receipts.

"BUDGET AND AUDIT"

"SEC. 109. In the performance of and with respect to the functions, powers, and duties vested in him by section 107 of this Act, the Secretary shall—

"(a) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended; and

"(b) maintain a set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That the Secretary with respect to the program of financial assistance authorized by section 101(b)(2) shall determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

"AREA ASSISTANCE ADMINISTRATOR"

"SEC. 110. There shall be appointed by the President by and with the advice and consent of the Senate an Area Assistance Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary may assign.

"POWERS"

"SEC. 111. In the performance of, and with respect to the functions, powers, and duties vested in him under this Act, the Secretary may—

"(a) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties;

"(b) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

"(c) under such regulations as he may prescribe, make such findings and determinations as may be required for the proper administration of this Act and such findings and determinations, together with those required to be made by the Secretary of Labor pursuant to section 102 hereof, shall be final and shall not be subject to review in any court by mandamus or otherwise: *Provided*, That with respect to the validity, effect, and enforcement of section 101(b)(2) hereof or security taken thereunder, statutes, rules and regulations pertaining generally to suits by and against the United States shall be applicable;

"(d) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

"(e) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

"(f) pursue to final collection, by way of compromise or other administrative action prior to reference to the Attorney General, all claims against third parties assigned to the Secretary in connection with loans made by him. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Secretary deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property of any interest therein acquired by the Secretary pursuant to the provisions of this title may be exercised by the Secretary or by any officer or agent appointed by him for the purpose;

"(g) acquire, in any lawful manner, any property (real, personal, or mixed, tangible, or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 101(b)(2) of this Act; and

"(h) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, comprising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or securities acquired under the provisions of this title: *Provided*, That no attorney's services shall be produced by contract in any office where an attorney or

attorneys are or can be economically employed full time to render such service.

"ADVISORY BOARD

"SEC. 112. To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Assistance Advisory Board, hereinafter referred to as the "Board", which shall consist of the following members, all ex officio: The Secretary, as Chairman, the Secretaries of Agriculture, Health, Education, and Welfare, Labor, and Treasury, the Administrators of the Housing and Home Finance Agency and of the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

"DEPOSITARIES AND AGENTS

"SEC. 113. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Secretary in the general performance of the powers conferred by this title. Each Federal Reserve bank shall be entitled to be reimbursed for all expenses incurred as such fiscal agents. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, may act as custodians and depositaries for the Secretary.

"PENALTIES

"SEC. 114. With respect to financial assistance authorized by this Act:

"(a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(b) Whoever, being connected in any capacity with the Secretary (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Secretary makes any false entry in any book, report, or statement of or to the Secretary, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Secretary shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(c) As used in this section, the term "Secretary" shall mean, with respect to the lending activities of the Housing and Home Finance Administrator authorized under this Act, the Housing and Home Finance Administrator.

"USE OF OTHER FACILITIES

"SEC. 115. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Secretary shall to the extent practicable and with their consent use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

"CONSULTANTS

"SEC. 116. The Secretary is authorized to obtain services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55(a)), at rates not to exceed \$75 per diem for individuals.

"ANNUAL REPORT

"SEC. 117. The Secretary shall make a comprehensive annual report of his operations under this Act for the fiscal year ending on the preceding June 30, to the President, for transmission to the Congress as soon as practicable in each year, but in no case later than the third day of the following January.

"AUTHORIZATION FOR APPROPRIATIONS

"SEC. 118. In addition to appropriations specifically authorized by sections 106 and 108, appropriations are further authorized for the carrying out of other provisions and purposes of this Act."

Mr. WIDNALL (interrupting reading of the amendment). Mr. Chairman, I ask unanimous consent to dispense with the further reading of the substitute.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

Mr. HALEY. Mr. Chairman, I object.

The Clerk continued the reading of the amendment.

Mr. WIDNALL. Mr. Chairman, I would like to renew my request. I ask unanimous consent that the further reading of the substitute be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. WIDNALL. Mr. Chairman, this substitute is known as H.R. 4278, introduced in the Congress by the gentleman from New York [Mr. KILBURN] on February 9, 1959, on behalf of the administration. There are a few technical changes as compared with the original bill. The act originally was cited as the Area Assistance Act of 1959. That has been changed to 1960. At that time Hawaii was a Territory and not a State, so the reference to Hawaii as a Territory has been eliminated.

Mr. Chairman, in an effort to fully bring to the attention of the Members of the House the basis for the debate today, on May 2, I introduced into the CONGRESSIONAL RECORD on page 8469 a comparison of the depressed area bills that had been pending: The Senate bill—the Douglas bill—the Spence bill, and the Kilburn bill, which is the administration bill. In that reference it showed the major areas and the rural areas

within the United States that would be classified as those eligible for participation in the program. There was also a summary of the essential criteria necessary in order to qualify for any of these grants or loans.

Yesterday on page 8629 of the CONGRESSIONAL RECORD I inserted the memorandum of disapproval by President Eisenhower with respect to Senate 3683, the first area redevelopment bill that was submitted to the Congress and passed by the Congress. Also on page 8629 there was a section-by-section analysis of the Kilburn bill, which is the bill that I have now submitted here to the House hoping that it will be favorably acted upon.

I know that some of the Members have been very much worried about any area assistance bill or area redevelopment bill being responsible for the pirating of industries from one section of the country to another. In the substitute bill offered by me there are two places where I am sure there is adequate protection against such pirating. In the declaration of policy it says that new employment opportunities should be created rather than merely transferred from one community to another.

On page 11 of the bill under "Loans" actually beginning at the bottom of page 10 it says that—

Such loans shall not be extended for working capital for purchase of machinery or equipment or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

This bill, outside of the expenditure that would be used in the actual administration of the bill would provide grants of \$1,500,000 for technical assistance for the major areas, and \$1,500,000 for the smaller towns and areas, and also \$50 million in loans on a basis that would be very satisfactory and helpful, I am sure, to the communities that are really distressed areas within our country.

The administration under my bill would actually be through the Department of Commerce, that is already set up to handle such a program. There would be no new Government agency. Also under this proposed bill there would not be the opportunity for some Washington bureaucrat to go down into your community and take over, if you did not have a local agency established. In comparison, under the committee bill the new agency created could go ahead and establish a program in your local community, whether you wanted it or not. The President has consistently said that he and the administration wanted to aid depressed areas of this country, chronically depressed areas, but not through a depressed area bill those temporarily depressed.

I believe that this substitute is the bill that should be adopted by the Congress, because it will furnish the needs for those chronic areas of unemployment.

The CHAIRMAN. The time of the gentleman from New Jersey [Mr. WIDNALL] has expired.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the substitute.

Mr. Chairman, the Senate bill, S. 722, provided for \$389,500,000. The House amended it by reducing the amount to \$251 million. We believe that we reduced it to the bare minimum to do a real job, if we want to do a job at all. We do not believe that \$53 million will be enough to serve any good, wholesome, constructive purpose and would be probably more of a waste. If we are going to do anything, we ought to do it right.

The committee considered this administration substitute. The administration substitute provides for \$50 million for loans, for plant loans in industrial areas, only \$50 million, and \$3 million for technical assistance. That is all there is to the administration bill.

The House bill includes not only industrial areas but rural areas. Remember the administration bill does not include rural areas. The House bill also includes public facility loans to the amount of \$50 million and public facility grants to the extent of \$35 million. They are not in the administration bill, either.

There is one appropriation in the committee bill that is absolutely vital. You might just as well not have any bill unless you have a substantial amount for a retraining program which will permit the payment of what is known as subsistence payments in lieu of unemployment compensation. The administration bill does not have anything to cover that, and certainly you cannot do an adequate job, a constructive job, unless you have that provision in the bill.

This \$53 million is just not enough. We think the House committee reduced it enough when we reduced it from \$379.5 million to \$251 million.

May I urge you to consider this. There are five international agencies of our Government. For some of them the money is furnished wholly, 100 percent, by the Treasury of the United States. These five international agencies can make loans and be helpful to all countries in the world except our own with billions of dollars at their disposal, except our own country and the Iron Curtain countries. This is just an effort to help our own people a little bit and to help them in a way that other countries are getting help now from our agencies. I mean the World Bank, the International Monetary Fund, the International Finance Corporation, the Export-Import Bank, and the Loan Development Corporation. Those concerns have billions and billions of dollars at their disposal. If there were distressed areas in any other countries on earth except the Iron Curtain countries, they could quickly get aid from these five agencies that we have provided with American dollars, some of them supported 100 percent by American dollars.

It occurs to me that the least we can do is to provide \$251 million to help our own people who are in distress here in the United States and in chronic unemployment areas where retraining programs are absolutely vital. They are absolutely necessary. The administration program provides for no money at all for retraining. It has to be done. Otherwise the bill cannot work and be of any constructive aid or assistance.

So I appeal to you to stay with the committee bill. We worked on this bill for weeks and for months. We heard dozens of witnesses. We believe we have a good bill, and we hope you stay with it.

Mr. McDONOUGH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it seems to me that we ought to consider the fact that we are entering into a new spending program, creating a new bureaucracy, setting up an administrator with almost unlimited authority in the political field throughout the country, with a choice to do things that even the bill cannot properly outline.

For 170 years this country has gotten along without this kind of stimulus to employment in areas of unemployment or areas that are so-called depressed. I think that is pretty fundamental. This is new. Somebody will say, "Why should we not try it?" If you are going to try it, if you are going to try to make a dent in the 4 million people who, apparently, and according to the statistics are unemployed in this country today, you would need about 10 times the amount that either of these bills proposes. Still, if you did that, you would then be entering into competition with private industry. This bill is typical election-year politics.

It is political payola to areas in order to induce votes from those areas. Let us not kid ourselves. The point here in this debate today is an effort to send a bill to the White House in anticipation of a veto, and then to go to the people and say the Republican administration does not favor helping people in depressed areas. The intentions behind this legislation are lost in the emotions of the debate. The fact of the matter is it is strictly a political move. The opposition is trying to embarrass the administration and put them in a position where a veto could be used in the November election. The committee bill provides for 65 percent Federal participation in an industrial loan—65 percent of Federal moneys to be used to finance any such project. The proposal offered by the gentleman from New Jersey [Mr. WIDNALL] provides for 35 percent. Well, that is a little better because the Federal money that might be used will go a little further and accomplish a little more—if anything is going to be accomplished. But what are you going to do and how is this administrator going to draw the line between the competition he sets up with one established plant in one area when he turns around and uses Federal funds to put up competition for that kind of plant in an adjacent county or State with Federal money? The free enterprise system is scrapped. Federal bureaucracy and Federal domination is given the go sign. As a matter of fact, we are going into an area here, if we should adopt either of these bills, where we are getting our foot in the door, because, once you start it, you cannot stop it.

Why do we have to pay subsidies to train people to teach them how to work? That is a job for private industry. If they want competent and capable workers, they ought to pay their own people

to teach people how to do the job they want them to do in that particular plant. But why should the Federal Government—and why should we presume that we have to use Federal money to teach our people how to earn a living? It has not been done for 170 years, and I do not think it is necessary to be done now.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The gentleman from California has stated that he does not favor any bill. Is the gentleman going to vote for the substitute?

Mr. McDONOUGH. No; I am not in favor of either bill.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield.

Mr. VAN ZANDT. Does the gentleman from California mean to indicate that we who represent distressed areas in this country are actually playing politics with the problem of unemployment when we come to the well of the House and support a bill to provide for area redevelopment?

Mr. McDONOUGH. I think the gentleman from Pennsylvania is quite sincere in his appeal here. A number of industrial investment corporations are seeking to bring industry to his district. The gentleman is in an area where the industries that have kept your people alive are depleted. The railroad industry is not as active as it has been. The coal industry is not as active as it has been.

Mr. VAN ZANDT. That is right. And that is why we have much unemployment.

Mr. McDONOUGH. So you have to use your resources and find some other way to employ your people. If there is any area in the United States that had very little resources to work on and had nothing but climate in its favor, it is southern California, and we did not seek Federal aid to finance and support our industries out there.

Mr. McDONOUGH. Mr. Chairman, a great deal of emphasis is attached to the need for such legislation. I wonder if desire is not confused with need in this case.

Currently, there are some 30 States which have in being or are actively considering methods of assisting communities suffering from persistent unemployment or underemployment.

But more important than the need or lack of need of this legislation are its longrun implications.

The effect of this bill would be to subsidize the expansion program of one company while doing nothing for its competitor. Obviously, this is unfair. Low-cost, long-term plant financing should not be available to a company through taxes paid by its competitor. Another factor to be considered is the fierce competition between States and between localities within States to attract new industry and to hold what is presently within their borders. This bill would tax economically sound communities to provide incentives for locating industrial plants in depressed areas.

While its purpose is to alleviate depressed conditions in certain areas, this legislation could well have the opposite effect. Shifting a job to a given area means one less job in another. The implication is readily apparent—new depressed areas may well be created through the operation of this bill, designed to solve that very problem. I realize the bill is designed to prevent such an occurrence, but it is simply impossible to legislate any effective prohibition against transferring jobs from one area to another.

There may be sound reasons preventing a business from moving to a depressed area. Resources other than labor may be inadequate or depleted. Transportation arrangements or facilities may be unsatisfactory. Therefore, this legislation cannot conceivably be looked on as the salvation for depressed areas. It cannot create good business climate which involve local tax policies, local labor-management relations, the attitude of local governments toward business and numerous other factors.

Federal programs such as this could lead most logically to subsidizing inefficient industries in order to create work in depressed areas. Suppose for some reason beyond the control of management, a business, induced by the Government into a depressed area, suffers. Is there not a moral obligation on the part of the Government to help it through its period of stress? And where would the line be drawn? The possibility of establishing a Government subsidy program to American industry is distinctly present. A program of this sort cannot help but grow.

The compelling need of our times is to spend less, not more. We all know the evils that result from unnecessary and unwarranted Government spending. It is legislation of this sort that aggravates an already serious problem.

For these reasons, I contend this legislation is unnecessary and uneconomic. I urge its defeat.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MULTER. Mr. Chairman, I have three technical and perfecting amendments which I would like to offer to the committee amendment.

The CHAIRMAN. Is the gentleman from New York offering the three amendments en bloc?

Mr. MULTER. Yes, Mr. Chairman, I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. MULTER] that the three amendments be considered en bloc?

Mr. HALEY. Mr. Chairman, reserving the right to object, I would like to know what the amendments are.

The CHAIRMAN. The gentleman from Florida reserves the right to object.

The Clerk will report the three amendments.

The Clerk read as follows:

Amendments offered by Mr. MULTER: Page 60, line 9, strike out "Sec. 112." and insert "Sec. 113."

Page 62, strike out lines 13 through 18 and insert the following:

"Sec. 14. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after 'cities, other municipalities, and counties which' the following: '(A) are situated in areas designated by the Area Redevelopment Administrator under section 5(a) of the Area Redevelopment Act as industrial redevelopment areas, or (B)'."

Page 68, line 1, strike out "1960" and insert "1961".

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The amendments will be considered en bloc. The gentleman from New York is recognized for 5 minutes in support of his amendments.

Mr. MULTER. Mr. Chairman, I will not take the 5 minutes. As I said, these are merely perfecting amendments required because of changes in the law which have been enacted since the bill was reported by the committee. These amendments will make the bill that is now being offered by the chairman of our committee, the gentleman from Kentucky [Mr. SPENCE] consistent with those sections.

Two of these three amendments are merely technical changes of section numbers and language to conform to existing law. The last amendment will require the report called for by the bill to be filed by June 30, 1961, instead of June 30, 1960.

The CHAIRMAN. The question is on the amendments offered by the gentleman from New York.

The amendments were agreed to.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the substitute offered by the gentleman from New Jersey [Mr. WIDNALL] and against the committee bill. If the substitute prevails I shall vote for the bill; if it does not prevail I shall vote against the bill. I say that because I am absolutely convinced that the substitute will do all that needs to be done.

The unfortunate development of this session, and it was apparent in the last session also, is that the President has made recommendations in many of these areas that are reasonable, that could be effective, and could be helpful; then committees for one reason or another broadened the criteria and the definitions, especially in this instance in the committee bill, so as to take nearly the whole country in under the bill. It seems to me the committee bill conveys the impression we almost must have another WPA or PWA all over the Nation, and I do not believe the country is that badly off.

I appreciate the attitude of the President in this matter. I appreciate his attitude with respect to spending; and certainly I say to you that I think the people of the country by and large are pretty much aroused about the matter of excessive Federal spending.

Just the other day we had another bill for \$1 billion, a housing bill that we did not need. This bill increases the amount involved by \$200 million. I do not know how many more excessive spending schemes are waiting in the wings; all I can say is that if they ever become law

the spending involved will turn loose again the fires of inflation and all that means to the cost of living for the very people we are trying to help. This is another occasion when we will smoke out a lot of spenders.

It may be that some think it is wise for one reason or another to dump all of these propositions on the doorstep of the White House. I happen to believe they are wrong because, first of all, on the motion to consider this bill 177 voted against consideration and the bill just squeaked through the other body by a vote of 49 to 46, as I recall it. So it is obvious there is substantial concern about this sort of thing.

In respect to the substitute as against the other bill, the committee bill, I suppose you on the other side of the aisle have the votes to turn down the substitute. But as far as I am concerned I do not believe the whole country is in the distress this bill would attempt to make it appear. I do not want to perpetuate an illusion of economic distress where none exists, and certainly I do not want to create a permanent bureaucracy in the Federal Government, where there is nothing but a transient or temporary situation to deal with.

May I say again that the President and many of us on our side and on both sides of the aisle recognize that something needs to be done in some of these areas. Fifty-three million dollars is not an inconsiderable amount of money. The gentleman from Texas says, "Why spend \$53 million? Spend \$251 million."

I have heard him say that for the 25 years I have been here, and I have heard other people say it too. All you need to do is to spend more money, according to them, money from Washington, then you have everything straightened out.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Texas.

Mr. PATMAN. The gentleman recognizes that under this bill \$200 million of that will be paid back with interest?

Mr. HALLECK. I would hope that will happen, but I am afraid it will not.

Mr. PATMAN. That is customary and traditional.

Mr. HALLECK. The gentleman has his viewpoint about that. I do not happen to agree with him. Again I stand on the statement that the proposal offered by the administration is a fair one. It will not result in the pirating of industry from one place to another. If we are to do anything with this program at all, it means new jobs and opportunities must be created without taking them away from some other place in the United States. I recognize that local communities and States have done much to attract industry. That is their business—that is all right—but I do not believe it is the business of the Federal Government to try to move industry from one place to another just to help one to the detriment of another. That should not be done.

I should like to see some legislation in this field. I am not going to say that this bill is going to be vetoed. I do not

know. The President has not said anything to me personally, but everything he has said publicly, in addition to the action that was taken on the bill 2 years ago, would indicate that to be the fact.

Now, then, do you want something done in this area that will be helpful and will accomplish something, or do you want to go through a lot of motions? We are about to find out. If the substitute is adopted, it can become law. It would do much good in the areas where we need to help, and that is as far as we ought to go.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. McCORMACK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have heard my good friend from Indiana make many speeches on the floor of the House, but if ever I heard him make a speech in which it was evident to me and I am sure to many other Members that his heart was not in the speech, it is the speech he just made.

The gentleman is one of the ablest Members of the House, and as a Democrat he is my Republican candidate for Vice President. I know when CHARLIE HALLECK has his heart in a speech. There is something about those characteristics that he is possessed of which clearly manifests itself to all of us when CHARLIE's heart is in what he is doing.

I admire him for making the speech. On the other hand, you and I can interpret his state of mind and his reluctance in making the speech he just made when his heart was not in it.

Now, the other day we voted on a bill for mutual security carrying four or five times as much authorization, to help depressed countries abroad, as this bill will to help the depressed communities within the United States. When we are talking about depressed communities, we are talking about human beings who live in those communities, who are out of work and have been out of work for years. And, they have no hope. We talk about displaced persons, these poor unfortunates who escaped from the satellite countries; located in Israel and the Arab countries and others, and about their hopes to come to America and elsewhere. Now, we have similar conditions in America in relation to our own citizens: men unable to get work because there is no work; lack of industry. And, they have wives and they have children.

Now, the committee bill was an honest attempt to reasonably compromise. President Eisenhower in his message yesterday referred to this bill, and he asked the 86th Congress to cooperate with him. And, we are; we are giving him a bill that he should sign.

Might I say in the 8 years that the President has been in power—and he is on his last year now—that the Democratic leaders have never been asked by the President to sit in with him and discuss legislation. Oh, we have been given a briefing; we have been told what was going to be done, and we have had messages sent up here, but the Democratic leadership has never been invited by the President to consult with him or to talk

with him to try and have a meeting of minds on any legislation where there was an honest difference of opinion. We could have arrived, probably, at a meeting of minds on much legislation. So, the failure to cooperate is not on the part of the Democratic leadership. I am not going to accuse the President, but I am going to let it rest there, that the failure is not on the part of the Democratic leadership.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Yes, I yield to my friend from Indiana.

Mr. HALLECK. I would just like to say to the gentleman, for fear that my silence might lead to some other conclusion as far as my attitude is concerned, that I meant every word that I said, and if the gentleman felt my heart was not in the speech, that was a conclusion that I think is without any foundation.

Mr. McCORMACK. Of course the gentleman meant everything that he said outwardly.

Mr. HALLECK. Mr. Chairman, will the gentleman yield further?

Mr. McCORMACK. Yes; of course.

Mr. HALLECK. Here is what the President said, and I think it makes sense.

Mr. McCORMACK. I only have 5 minutes, may I say to the gentleman.

Mr. HALLECK. I will get you another minute.

Mr. McCORMACK. Your generosity overwhelms me.

Mr. HALLECK. May I say to the gentleman that his effectiveness in debate is such that 1 minute is a lot of time for him.

Mr. McCORMACK. I have a lot to say about human beings that the gentleman from Pennsylvania [Mr. VAN ZANDT] referred to a moment ago, being a political move. He resents it like I do.

Mr. HALLECK. Will the gentleman permit me to read what the President did say in his message?

Mr. McCORMACK. I know what he said all right.

Mr. HALLECK. Let us remind ourselves again:

I think it is basic that we reject the various schemes that would perpetuate insecurity by making distressed areas dependent upon the uncertainties of continued Federal subsidies or that would pour Federal dollars into areas where distress has been temporary and which are competent to meet their problems themselves.

Mr. McCORMACK. Yes; and the President sent up a message, and I voted for foreign aid, and I am going to vote for the appropriations because I think it is in the national interest of the country, for mutual security, and I do not apologize. I said only the other day I do not fail to recognize the fact that what I am doing for countries abroad I am going to do for depressed areas in the United States.

Mr. Chairman, I am just going to say that I shall not ask for the extra minute. I hope the substitute will be defeated.

Mr. HALPERN. Mr. Chairman, I offer a perfecting amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. HALPERN to the committee amendment offered by Mr. SPENCE: Page 38, beginning in line 3, strike out "without substantially reducing employment in other areas of the United States" and insert in lieu thereof the following: "rather than by merely transferring employment opportunities from one area of the United States to another".

Mr. HALPERN. Mr. Chairman, I have two additional amendments to other sections of the committee amendment which deal with the same subject matter, tightening its antipirating provisions. I ask unanimous consent that these two additional amendments be reported at this time and that all three amendments be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. PATMAN. Mr. Chairman, reserving the right to object, are these amendments to the substitute, the administration bill, or the committee bill?

Mr. HALPERN. These amendments are to the committee amendment.

Mr. PATMAN. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. The Clerk will report the two other amendments.

The Clerk read as follows:

Page 43, beginning in line 25, strike out "will result in substantial detriment to the area of original location by increasing unemployment" and insert in lieu thereof the following: "will result in an increase in unemployment in the area of original location."

Page 61, strike out lines 4 and 5 and insert in lieu thereof the following: "will result in an increase in unemployment in the area of original location."

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I yield.

Mr. SPENCE. Mr. Chairman, personally, I would accept the amendments.

The CHAIRMAN. The gentleman from Kentucky [Mr. SPENCE] accepts the amendments. Does the gentleman from New York desire the Chair to put the question?

Mr. HALPERN. Yes; I do.

The CHAIRMAN. The question is on the amendments offered by the gentleman from New York.

The amendments were agreed to.

(Mr. HALPERN asked and was given permission to revise and extend his remarks.)

Mr. HALPERN. Mr. Chairman, commendable as the principles of this bill may be, there is a glaring weakness in it that calls for immediate remedy. I refer to the provisions that could permit the pirating of industry from one locale to another.

Under the standards in the bill, not only is a door opened through which industry is permitted to leave a developed area, but also, the unemployment created by such departure is, within limits, tolerated. It is the purpose of these amendments to eliminate both of these possibilities.

Mr. VANIK, Mr. FINO, Mrs. DWYER, and myself expressed our concern about this

problem in our additional views in House Report No. 360 on the bill, as did the signers of the minority report.

Our concern arose from the fact that under the provisions of the bill, as reported, a deterioration of actively productive communities through the migration of plants is entirely permissible. We do not believe, as one of the witnesses before the committee testified, that it should be the purpose of the bill to "distribute the distress more evenly throughout the economy."

Surely this was not the intent of the original draft, even though the language would lead to that interpretation. To clarify this, Mr. Chairman, I am offering these amendments.

Under the bill as it now reads, the declaration of purpose in section 2, on page 38, lines 1-4, states that—

New employment opportunities should be created by developing and expanding new and existing facilities and resources without substantially reducing employment in other areas of the United States.

Furthermore, in section 6(a) on page 43, line 23 and following, there is the language:

Such financial assistance shall not be extended for working capital or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

Substantially the same language is found in section 112(b) on page 63, lines 1-5.

The amendments herewith offered would eliminate the "without substantially reducing employment in other areas" test in the declaration of purpose, and the "substantial detriment" tests in sections 6(a) and 112(b) by replacing them, respectively, with language which states in substance that the purpose of the bill is "to develop and expand new and existing facilities rather than merely transferring employment opportunities from one area of the United States to another," and that funds will not be extended to "assist establishments relocating from one area to another when such assistance will result in an increase in unemployment in the area of original location."

The change will result in the substitution of clear and unambiguous standards against the pirating of industry for the present standards in the bill which are vague and under which the creation of some unemployment in the area of original location of a migrating plant is acceptable as long as such unemployment is considered not to constitute a substantial detriment to the area.

It is obvious that heavily productive communities could be affected under such standards, and particularly large cities such as my own city of New York. A plant could be induced to migrate from the city with consequent effects of unemployment, reduction of the tax base and loss of business by local merchants, but the resulting condition still might not be considered as one of "substantial detriment." The large metropolitan areas could be subjected to a process of constant erosion under the present standards in the bill.

Mr. Chairman, the purpose of the amendments is to make clear that this process shall not occur and that funds shall not be used under the act to lure industries from developed communities with a consequent creation of unemployment there. These amendments will accomplish the objectives we set forth in our additional views. I understand the chairman will accept the amendments. I trust they will prevail.

Mr. STRATTON. Mr. Speaker, I move to strike out the requisite number of words.

(Mr. STRATTON asked and was given permission to revise and extend his remarks.)

Mr. STRATTON. Mr. Chairman, I realize the hour is late and that there is a desire to move quickly to a vote; so I do not intend to take my full time. But, Mr. Chairman, there has been discussion on the floor of this House to the effect that this is a political bill and that the committee substitute is offered for political reasons. Mr. Chairman, if what we mean by politics is the science of coming down here as an elected Representative and trying to speak out for the needs and desires of the people who sent us down here, then I admit that this is a political move, and I admit that I stand here in a sincere effort to represent the desires and wishes of my district.

I happen to have the honor of representing a district which is 3 to 1 Republican. In 1956 President Eisenhower carried that district by 75,000 votes. I have the honor to be the first member of my party to represent this district in 42 years. And, Mr. Chairman, I believe that the reason that the people of my district crossed over party lines was because they felt that it was more important to have somebody down in this body who would meet his pledge made to them to fight and work for this kind of legislation than it was to vote for a particular party label or on a particular party line.

Mr. Chairman, I represent two communities which have the dubious distinction of being the only two "chronic" areas of unemployment in the State of New York, Amsterdam and Gloversville-Johnstown. I also represent one of the greatest industrial areas of New York, Schenectady, which has the dubious distinction of having lost in the past 6 years 18,000 industrial jobs, a record unmatched in all of the United States.

This is the area that sent me down here last year to fight for this bill. And only last January, when the distinguished subcommittee of the other body was in Schenectady to find out the facts on unemployment, community leader after community leader on both sides of the political aisle appeared before that committee and demanded action down here in Washington on legislation to meet this need.

I rise in opposition to the administration substitute because the administration substitute would exclude Schenectady, the city which has lost 18,000 jobs in 6 years. I do not think we can pass a bill and say it is genuinely designed to meet the problem of unemployment if the bill we pass would exclude that kind

of city. And I do not believe we can meet the problem with a bill which has been repudiated in advance by its original author and by all but one member who signed the minority committee report.

I believe in compromise. I would be willing to sit down and compromise the overall figure somewhere between \$251 million and \$53 million. But I believe that if we want to get legislation that is not just an idle gesture we must stick with the committee bill. I urge the Committee to support the committee bill and reject the administration substitute.

Mr. FLOOD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FLOOD to the committee amendment offered by Mr. SPENCE: On page 40, line 16, immediately after "industrial area" insert the following: "in which there exists unemployment of not less than 6 per centum of the labor force on the date on which application for assistance is made under this Act and".

Mr. FLOOD. Mr. Chairman, this is merely a perfecting amendment. I do not want to make a speech about it. I submit it to the chairman and I hope he will accept it.

Mr. SPENCE. I have no objection to the amendment, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FLOOD] to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. WIDNALL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I should like to find out what this amendment does to the bill. I presume from what was said by the majority leader that he fully approved the original Spence bill as it applied to many areas throughout the United States. As I understand this amendment, it would materially curtail the number of eligible areas. I think it ought to be so understood.

Mr. SAYLOR. Mr. Chairman, I offer an amendment to the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. SAYLOR to the substitute offered by Mr. WIDNALL: On page 11, line 9, in section 107(b)(1) strike out "\$50,000,000" and insert "\$150,000,000"; and on page 14, line 13, in section 108(b) strike out "\$50,000,000" and insert "\$150,000,000 except that not more than \$50,000,000 shall be appropriated for the purpose of making advances to such fund during the fiscal year ending June 3, 1961."

(Mr. SAYLOR asked and was given permission to revise and extend his remarks.)

Mr. SAYLOR. Mr. Chairman, this amendment is offered to the substitute presented by the gentleman from New Jersey [Mr. WIDNALL] in an effort to see to it that we do not march up the hill today and down again tomorrow.

On one of the buildings downtown is carved "The Past Is Prologue. Study the Past." We know that 2 years ago this committee passed a bill for the relief of distressed areas and it was vetoed. The reasons given for the veto were that it did not meet certain requirements de-

manded by the Executive. I commend the Committee on Banking and Currency for what they have done in correcting the Senate bill but I am afraid that they did not go far enough. All that will happen is that once again we will have a veto.

My district, like that of the gentleman from New York [Mr. STRATTON], sent me down here because the people there want help from the Federal Government. They do not want a political issue, they want a chance to work, they want a chance for jobs. They want some help for not only their own but also the other chronic distressed areas of the Nation. They want a chance to make their way in the American way. This amendment I have offered is an effort to bring both extremes together. Instead of the \$251 million in the committee bill, it is reduced to \$150 million. I concede, as the gentleman from Texas [Mr. PATMAN] pointed out, that the substitute offered by the gentleman from New Jersey [Mr. WIDNALL] contains a number of shortcomings and I admit those shortcomings. But if you cannot get everything you want in a bill, can we not get together and take that part on which we agree so that the districts that are depressed areas in this country can have some relief? In an effort to satisfy the President, I have put in this substitute that not more than \$50 million will be spent in this fiscal year.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I am happy to yield to my colleague from Pennsylvania.

Mr. DENT. What assurance do we have that the President will sign your particular version of the amount that is needed?

Mr. SAYLOR. You have no assurance whatsoever. I have not been advised if he will sign it or that he will not sign it. But, I can only tell you, if you had been here a little while ago and, perhaps, the gentleman was—

Mr. DENT. Yes; I was here.

Mr. SAYLOR. Then the gentleman heard me report that when three of the President's representatives went up into Pennsylvania, the headlines on the Sunday paper in Wilkes-Barre carried the story that they were coming back and were going to ask the President to put in \$150 million, in the distressed area legislation and that is just what I have done.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield.

Mr. VAN ZANDT. Is it not a fact the gentleman from Pennsylvania is trying to perfect a bill that will be sent to conference. Then the conferees will have the Senate bill costing \$389.5 million and they will also have the House bill costing \$150 million. Then the conferees can contact the administration and work out a compromise that will be acceptable to all?

Mr. SAYLOR. That is correct. This is a sincere effort to reach a compromise that will enable our House conferees to hold fast to the House position.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield to the distinguished minority leader.

Mr. HALLECK. I would like to say, first of all, so far as my statement that \$53 million would do all of the job that reasonably needs to be done is concerned—I stand on that statement. I would suggest to the gentleman from Pennsylvania if this substitute could be adopted with a figure of \$53 million, that would go to conference, the gentleman's amendment would limit the action of the conferees between \$153 million and \$253 million and, in my opinion, that cannot become law.

Mr. SAYLOR. That is a matter of opinion, of course. I believe the President will sign the bill if the spending in fiscal 1961 is limited to \$50 million.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. SAYLOR. I yield.

Mr. MULTER. I know the gentleman from Pennsylvania intends in good faith to get as good a bill as possible. But, the fact of the matter is that his amendment does nothing to increase the amount of loans available except for plant loans in industrial areas. It does not do anything outside the industrial areas. It does not touch the rural areas. It does not touch the public facility loans. It does not touch any of the grant provisions in the bill.

Mr. SAYLOR. I concede that point. My only desire is that we can get something rather than have a bill that will give us nothing but a veto. I would like to have all of the features in the committee bill but if I cannot get them all I would rather take a little to relieve the distress in my own and other distressed areas in the land. Congress will meet every year and if this bill will begin to do the job your great Committee on Banking and Currency will be able to expand its scope next year, but I beg you to get something started now.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is our hope that we can pass a bill that will be acceptable to the other body so that it will not be necessary to have a conference. If we were to pass a bill that has to go to conference, then the passage of a bill in this session of the Congress would be very unlikely. We would have to get unanimous consent to send the bill to conference and, naturally, we would not get such unanimous consent. The matter would have to go to the Committee on Rules and I am not so sure we would get a rule. The only way we know that we can absolutely get a bill in this session of the Congress is to pass the committee substitute.

We say the bill as reported by the committee is a well-thought-out bill. It was thoroughly considered. We had 70 witnesses before our committee. We thoroughly considered this bill and we went through it with a fine-toothed comb; we considered every word, every phrase, every paragraph in it, and we believe we have a well-balanced bill, a bill that will help the distressed areas of the entire Nation, areas where there is chronic unemployment.

So, if you want a bill at this session of Congress, a good bill, vote down these

amendments and vote for the committee substitute. I believe the Senate will probably accept it, in that event there will be no conference, and it will be on the desk of President Eisenhower; and I sincerely hope he will sign the bill.

Mr. GROSS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I take this time to try to obtain some information as to the number of employees this so-called administrator or czar is going to have to administer this program. On page 54 under Technical Assistance, I wonder if the gentleman from New York [Mr. MULTER] or the gentleman from Texas [Mr. PATMAN] can tell me how much of the \$4,500,000 is going to be spent for consultants, experts, and so on and so forth, to tell him how to spend the money?

Mr. MULTER. May I answer the gentleman?

Mr. GROSS. Yes, I am happy to yield to the gentleman.

Mr. MULTER. My answer is that in this instance I am perfectly willing to trust the President of the United States, who will have the matter of appointing the administrator and will have to supervise the entire job. I am sure that with his economy mind of today he is not going to allow one nickel to be given or spent except the way it should be spent.

Mr. GROSS. Will the gentleman agree with me there is no limitation in the bill?

Mr. MULTER. Only to the extent of \$4,500,000.

Mr. GROSS. On page 58 of the bill I read the following:

To such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts.

Incidentally, there is nothing in that language to prevent a renewal of the appointment after the first 6 months. He can employ any number of consultants at \$75 a day, plus \$15 per diem in lieu of subsistence.

Is there any limitation there?

Mr. MULTER. None except what we hope to get from an economy-minded administration.

Mr. GROSS. Then on page 55 you bring in the Classification Act:

Subject to the specifications of the classification laws, select, employ, appoint, and fix the compensation of—

Any number of employees. It is unlimited. Is that right?

Mr. MULTER. It is unlimited again, except it is within the hands of the administration.

Mr. GROSS. Then at the end of the bill there is that good old grandfather clause:

There are hereby authorized to be appropriated such sums as may be necessary for the administrative expenses incurred in carrying out the provisions of this act.

So any amount of money can be spent for administrative purposes? That is as big a blank check as you will ever see and it will be used to build up the bureaucracy.

Mr. MULTER. There we have a double check.

Mr. GROSS. Tell me where it is.

Mr. MULTER. The Appropriations Committee and the Congress.

Mr. GROSS. So far as the Congress is concerned, this is the authorization act.

Mr. MULTER. Yes; and in the appropriation act.

Mr. GROSS. Certainly this is a blank check.

Mr. MULTER. There is no money appropriated here.

Mr. GROSS. The gentleman must admit there is no limitation.

Mr. MULTER. I have already admitted that.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. CONTE. Mr. Chairman, I offer an amendment.

The Clerk read, as follows:

Amendment offered by Mr. CONTE to the amendment offered by Mr. SPENCE: Page 51, strike out line 4 and all that follows down through line 18 on page 53.

Page 69, line 9, strike out "6, 7, or 8" and insert in lieu thereof "6 or 7".

Page 69, line 22, strike out "6, 7, or 8" and insert in lieu thereof "6 or 7".

(Mr. CONTE asked and was given permission to revise and extend his remarks.)

Mr. CONTE. Mr. Chairman, while I can consider the bill before us, as reported by the committee, as generally favorable to me, I cannot agree with the provision which makes an outright grant of Federal funds in the amount of \$35 million for public facilities. Such hand-outs, Mr. Chairman, destroy the initiative which should always remain at the local level.

I have another reason, Mr. Chairman. For decades now my State and other places in the northeastern part of the United States have been losing industry to the South and other less developed parts of the United States. I was interested to hear the testimony and the statements of Members of Congress in this well today who spoke for the poor, unfortunate people, I heard Members of Congress from New England and the northeastern part of this country plead for the poor, Mr. Chairman my heart bleeds for the innocent family man, the breadwinner who was thrown out of a job, who was thrown out of the looms and mills long before we had any recession because of some greedy capitalist down South who gave these industrialist tax breaks, who gave considerations to industries to leave our part of the country.

Travel to the city of Brockton where they made shoes, and see what has happened to that industry. Travel to the city of Lawrence where you have the wool, the worsteds and textiles, and see what happened to those mills. Mr. Chairman, throughout the whole New England area the wool, the worsteds, the textiles, the leather, the shoes, and other soft good industries have made an exodus from up there and have moved down South.

I warn you Members from the northeastern part of the country, if they do not delete this \$35 million of outright grants they will come up into New England and the northeastern part of the

country and rape more of our industries. Today let us not compound a felony.

Look at this list of rural areas. I dare you to find one in New England or the northeastern part of the country. They are Alabama, Arkansas, Florida, Georgia, Kentucky, Minnesota, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

If you want to go back at election time and tell your people that you voted for funds to steal more of our industries away from New England and the northeastern part of the country, let it be on your conscience, but not for me.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I am glad to yield to the gentleman from the wealthy oil State of Oklahoma.

Mr. EDMONDSON. Would the gentleman consider Bridgeport and Waterbury, in Connecticut, Lawrence, Lowell, New Bedford, North Adams, and Fall River, Mass., and Providence, R.I., to be part of the New England area? All of them qualify for assistance, and qualify both for loans and grants as redevelopment areas.

Mr. CONTE. Under loans, but not under rural areas. They are not considered under rural areas in this bill. Every rural area is in the rich oil States of Oklahoma, Texas, Tennessee, and other Southern States.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New York.

Mr. MULTER. I think the gentleman has overlooked the fact that the Halpern amendment to the substitute cures the very piracy you are now complaining about.

Mr. CONTE. The gentleman from New York knows as well as I do that if you take an industry away from New England and locate it down in North Carolina, that is the end of it. There is nothing to prevent that particular industry later on, a year or 2 years or 3 years after this bill goes through, or after they get the loan, from taking an industry away from the northeastern part of the country. It is too late. The horse has been stolen. The barn door is closed, and you cannot do a thing about it.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Illinois.

Mr. COLLIER. Because I have a very deep affection, as many of us do, for our good friends from the South, the fact remains that our good southern friends are entitled to the benefits of a mobile industrial nation just as much as anyone else in any other section of the country. Let me say that I am far more concerned about the loss of these industries to Japan and abroad than I am to Georgia or Florida or anywhere else.

Mr. CONTE. I, too, am worried about losing industries to foreign countries but let us not stand here today and vote grants which can be used to entice any more of our industries from New England.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

The question is on the amendment offered by the gentleman from Massachusetts [Mr. CONTE], to the committee amendment.

The question was taken; and on a division (demanded by Mr. CONTE) there were—ayes 67, noes 155.

So the amendment to the committee amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. SAYLOR] to the substitute offered by the gentleman from New Jersey [Mr. WIDNALL].

The amendment was rejected.

The CHAIRMAN. The question recurs on the substitute offered by the gentleman from New Jersey [Mr. WIDNALL] to the committee amendment.

The question was taken; and on a division (demanded by Mr. WIDNALL) there were—ayes 77, noes 152.

So the substitute was rejected.

Mr. VAN ZANDT. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. VAN ZANDT as a substitute for the amendment offered by Mr. SPENCE: Strike out all after the enacting clause and insert provisions of H.R. 4878 as follows: "That this Act may be cited as the 'Area Redevelopment Act of 1959'."

"DECLARATION OF PURPOSE

"SEC. 2. The Congress declares that, notwithstanding the prosperity enjoyed by the Nation as a whole, some of our communities are suffering substantial and persistent unemployment; that such unemployment causes hardship to many individuals and their families and detracts from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment to take effective steps in planning and financing their economic development; that Federal assistance should enable communities to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies; and that new employment opportunities should be created rather than merely transferred from one community to another.

"AUTHORITY OF SECRETARY OF COMMERCE

"SEC. 3. (a) To assist areas in the United States designated by the Secretary of Labor under section 4(a) as areas of substantial and persistent unemployment, the Secretary of Commerce is authorized—

"(1) to make grants for technical assistance for such areas in accordance with the provisions of section 8;

"(2) to provide financial assistance for such areas in accordance with the provisions of section 9; and

"(3) to make grants for public facilities in such areas in accordance with the provisions of section 10.

(b) The Secretary of Commerce is also authorized—

"(1) to assist rural areas and rural communities in the United States in their efforts to develop manufacturing, processing, and service activities to supplement agricultural activities;

"(2) to provide technical assistance and field consultation to areas in the United States in the establishment of new industries based on local resources, in the expansion of existing industries, and in economic diversification; and

"(3) to coordinate his functions under this Act with other Federal programs affecting local economic conditions.

"(c) As used in this Act, the term 'United States' includes the several States, the Territory of Hawaii, and the District of Columbia.

"AUTHORITY OF SECRETARY OF LABOR

"SEC. 4. (a) The Secretary of Labor shall from time to time, upon request of the appropriate State government, certify to the Secretary of Commerce the existence of an area of substantial and persistent unemployment whenever he finds, on the basis of appropriate historical labor force data (in the case of a major labor market area or other labor market area for which such data are available) or on the basis of a survey of available labor force data (in the case of any labor market area for which appropriate historical labor force data have not been compiled), that—

"(1) the unemployment rate in such area, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (2) of this subsection; and

"(2)(A) the annual average unemployment rate in such area (hereinafter referred to as a class I unemployment area) has been at least 50 per centum above the national average for four of the preceding five calendar years, or

"(B) the annual average unemployment rate in such area (hereinafter referred to as a class II unemployment area) has been at least 75 per centum above the national average for three of the preceding four calendar years, or

"(C) the annual average unemployment rate in such area (hereinafter referred to as a class III unemployment area) has been at least 100 per centum above the national average for two of the preceding three calendar years; and

"(3) nonagricultural employment in such area has declined, or has shown a smaller increase than in the country as a whole, during the preceding five calendar years, but no area shall be excluded by the requirement of this paragraph if the annual average unemployment rate in that area for three of the last four years exceeds 8 per centum.

"(b) The Secretary of Labor is authorized, upon request and whenever he determines that such studies are needed, to undertake studies, or to provide assistance to others in studies, of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any area certified under subsection (a).

"(c) When skills of the labor force in an area certified under subsection (a) are not such as to facilitate full utilization of the human resources in such area, the Secretary of Labor is authorized to provide advice and technical assistance in developing and carrying out a program to increase employment opportunities and improve the utilization of such labor force.

"AUTHORITY OF HOUSING AND HOME FINANCE ADMINISTRATOR

"SEC. 5. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"AREAS OF SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT

"SEC. 112. (a) When the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a "municipality") is situated in an area designated by the Secretary of Labor pursuant to the Area Redevelopment Act of 1959 as an area of substantial and persistent unemployment, and (2) that there is a reasonable probability that with assistance provided under the Area Re-

development Act of 1959 and other undertakings the area will be able to achieve lasting improvement in its economic development, the Administrator is authorized to extend financial assistance to a local public agency in such municipality under this title and the provisions of this section.

"(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) that the project area be clearly predominantly residential in character or that it will be predominantly residential under the urban renewal plan.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *And provided further*, That the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed in conformity with the requirements of section 105(b).

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section for the completion of such project notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an area of substantial and persistent unemployment."

"SEC. 6. The first sentence of section 202(c) of the Housing Amendments of 1955 is amended to read as follows: 'In the processing of applications for financial assistance under this section, the Administrator shall give priority first to applications of counties, cities, and other municipalities and political subdivisions for assistance in financing needed public facilities in areas determined to be areas of substantial and persistent unemployment under the Area Redevelopment Act of 1957: *Provided*, That the Secretary of Commerce certifies there is reasonable probability that with assistance made available under the Area Redevelopment Act of 1959 and other undertakings such areas will be able to achieve lasting improvement in their economic development; and second, to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need.'

"SEC. 7. The second sentence of section 701 of the Housing Act of 1954 is amended by inserting in clause (2) after 'decennial census which' the following: '(A) are situated in areas designated by the Secretary of Labor under the Area Redevelopment Act of 1959 as areas of substantial and persistent unemployment, or (B)'

"GRANTS FOR TECHNICAL ASSISTANCE

"SEC. 8. (a) In carrying out section 3(a) (1), the Secretary of Commerce is authorized to make grants for technical assistance to

areas certified under section 4(a) as areas of substantial and persistent unemployment. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Grants under this section may be made without regard to section 3648 of the Revised Statutes (31 U.S.C. 529).

"(b) No grant under this section shall be in an amount in excess of—

"(1) 33½ per centum of the aggregate cost of the studies and other assistance for which the grant is made in the case of a class I unemployment area;

"(2) 50 per centum of such aggregate cost in the case of a class II unemployment area; or

"(3) 75 per centum of such aggregate cost in the case of a class III unemployment area.

In any case the portion of such aggregate cost which is not paid by the Secretary under this section shall be supplied by the State or political subdivision in which the area of substantial and persistent unemployment is located.

"(c) There is authorized to be appropriated not to exceed \$3,000,000 to carry out this section.

"LOANS AND PARTICIPATIONS

"SEC. 9. (a) In carrying out section 3(a) (2), the Secretary of Commerce is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein)—

"(1) to aid in financing any project in an area of substantial and persistent unemployment for the purchase or development of land and facilities for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied factory buildings, for the alteration, conversion, or enlargement of existing industrial or commercial plants or other manufacturing, commercial, or processing facilities, and for the purchase of machinery or equipment for use in connection therewith; and

"(2) to aid in financing the acquisition or development of land for public facility usage, or the construction, rehabilitation, alteration, expansion, or improvement of useful public facilities, in an area of substantial and persistent unemployment. No such loan shall be made to assist any establishment in relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject to the following restrictions and limitations:

"(1) (A) The total amount of loans and loan participations including purchased evidences of indebtedness authorized under paragraph (1) of subsection (a) of this section, outstanding at any one time, shall not exceed \$100,000,000.

"(B) The total amount of loans and loan participations (including purchased evidences of indebtedness) authorized under paragraph (2) of subsection (a) of this section, outstanding at any one time, shall not exceed \$25,000,000.

"(2) Such assistance shall be extended only to applicants, both private and public, approved by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed shall be located.

"(3) No such assistance shall be extended unless the assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms.

"(4) No loan shall be made unless it is determined that an immediate participation is not available.

"(5) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment.

"(6) No loan, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganizations or as a creditor in other proceedings attendant upon insolvency of the obligor, or if extension or renewal for additional periods (not to exceed, however, a total of ten years) will aid in the orderly liquidation of such loan or of such evidence of indebtedness.

"(7) No such assistance shall be extended unless there shall be submitted and approved by the Secretary an overall program for the economic development of the area and a finding by the State or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or political subdivision in which the project would be located.

"(c) Assistance to any applicant under this section shall not exceed—

"(1) 33½ per centum of the aggregate cost to such applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities, of constructing, altering, converting, rehabilitating, expanding, improving, or enlarging the building, buildings, or facilities of the particular project, and of purchasing machinery and equipment in connection therewith, in the case of a project in a class I unemployment area; or

"(2) 50 per centum of such aggregate cost in the case of a project in a class II unemployment area; or

"(3) 75 per centum of such aggregate cost in the case of a project in a class III unemployment area.

"(d) Assistance to any applicant under this section shall be furnished only on condition that—

"(1) other funds are available in an amount which, together with such assistance under this section, will be sufficient to pay the aggregate cost described in subsection (c) (1); and

"(2) not less than 15 per centum of such aggregate cost shall be supplied by the State in which the project would be located, or by an agency, instrumentality, or political subdivision of such State, or by a community or area organization, as equity capital, or as a loan which is repayable only after the financial assistance under this section has been repaid in full according to its terms and the security for which (if any) is subordinate and inferior to the lien or liens securing the financial assistance furnished under this section.

"GRANTS FOR PUBLIC FACILITIES

"SEC. 10. (a) The Secretary of Commerce may conduct studies of needs in class II and class III unemployment areas throughout the United States for, and the probable cost of, land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of useful public facilities within such areas, and may receive proposals from any State or political subdivision thereof, or any private or public organization or association representing any such area or part thereof, relating to land acquisition or development for public facility usage and

the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any such area. Any such proposal shall contain plans showing the project proposed to be undertaken, the cost thereof, and the contributions proposed to be made to such cost by the entity making the proposal. The Secretary, in consultation with such entity, is authorized to modify all or any part of such proposal.

"(b) The Secretary of Commerce, pursuant to a proposal received by him under this section, may make grants to any State or political subdivision thereof, or any private or public organization or association representing the area or a part thereof, for land acquisition or development for public facility usage and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within a class II or class III unemployment area, if he finds that—

"(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment in the redevelopment area wherein such project is or will be located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

"(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute; and

"(3) the project for which a grant is requested will fulfill a pressing need of the area or part thereof in which it is or will be located, and there is little probability that such project can be undertaken without the assistance of a grant under this section.

"(c) The amount of any grant under this section for any project shall not exceed the difference between the funds which can be practicably obtained from other sources (including a loan under section 9 of this Act) for such project and the amount which is necessary to insure the completion thereof, and shall not exceed—

"(1) 33½ per centum of the aggregate cost of the project in the case of a project in a class II unemployment area; or

"(2) 75 per centum of the aggregate cost of the project in the case of a project in a class III unemployment area.

"(d) The Secretary of Commerce shall by regulations provide for the supervision of the carrying out of projects with respect to which grants are made under this section so as to ensure that Federal funds are not wasted or dissipated.

"(e) There is authorized to be appropriated not to exceed \$25,000,000 for the purpose of making grants under this section.

"VOCATIONAL TRAINING

"SEC. 11. (a) The Secretary of Labor shall determine the vocational training or retraining needs of unemployed individuals residing in areas of substantial and persistent unemployment and shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining, for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

"(b) Whenever the Secretary of Labor finds that additional facilities or services are needed in any such area to meet the vocational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Sec-

retary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for such facilities and services by agreement or contract with public or private educational institutions: *Provided*, That the Secretary of Labor shall arrange to provide any necessary technical assistance for setting up apprenticeship, journeyman, and other job training needed in the locality.

"RETRAINING SUBSISTENCE PAYMENTS

"SEC. 12. The Secretary of Labor shall, on behalf of the United States, enter into an agreement with any State in which one or more class III unemployment areas are located under which the Secretary shall make payments to such State for the purpose of enabling such State, as the agent of the United States, to make weekly retraining payments to unemployed individuals residing within any such area who are not entitled to unemployment compensation (either because their unemployment compensation benefits have been exhausted or because they were not insured for such compensation) and who have been certified by the Secretary of Labor to be undergoing training for a new job. Such payments shall be made for a period not exceeding 13 weeks, and the amounts of such payments shall be equal to the amount of the average weekly unemployment compensation payment payable in such State. The total of payments made under this section shall not exceed \$5,000,000 in any one year.

"SMALL BUSINESS LOANS

"SEC. 13. Section 7(a) of the Small Business Act is amended by adding at the end thereof the following new sentences: "The Administration also is empowered to make loans under this subsection to local private nonprofit organizations (including industrial foundations, development corporations, and similar groups) formed to assist, develop, and expand the economy of areas of substantial and persistent unemployment (as certified under section 4 of the Area Redevelopment Act of 1959), but only where the purpose of the loan is to enable such organization to provide supplementary assistance to one or more small-business concerns in such area which have qualified for loans under the preceding provisions of this subsection. In making and approving loans under this subsection, the Administration shall at all times grant a first preference to small-business concerns which are otherwise qualified therefor and which are located (or which will use the proceeds of the loan to locate) in areas of substantial and persistent unemployment (as certified under section 4 of the Area Redevelopment Act of 1959), and to local private nonprofit organizations described in the preceding sentence."

"ASSISTANCE TO STATE AREA DEVELOPMENT AGENCIES

"SEC. 14. (a) It is the policy of the Congress and the purpose of this section to encourage each State to establish a program which, with a minimum of Federal and other outside aid, will effectively provide for the economic development of areas of substantial and persistent unemployment within its boundaries.

"(b) Any State which establishes an area development agency for the purpose of providing for the economic development of areas of substantial and persistent unemployment shall be eligible, with respect to such areas within its boundaries, to receive assistance under this Act (through such agency) on the same terms and conditions as those provided under this Act for direct assistance to such areas or to agencies or other entities in such areas, upon a finding by the Secretary of Commerce that the assistance fur-

nished to the State area development agency pursuant to this section will be used exclusively in areas of substantial and persistent unemployment within such State which are not themselves able to pay the non-Federal share of the cost of their economic development as required by this Act, but which would be eligible to receive such assistance directly if they were able to pay such share.

"(c) If assistance is furnished pursuant to this section to any State with respect to a project or program of economic development in any area of substantial and persistent unemployment, such area shall not thereafter be eligible to receive any assistance under this Act with respect to that project or program except pursuant to this section.

"AREA REDEVELOPMENT FUND

"SEC. 15. (a) There is authorized to be established in the Treasury of the United States a revolving fund to be known as the area redevelopment fund (hereinafter referred to as the 'fund'), which shall be available to the Secretary of Commerce for the payment of all obligations and expenses in connection with the functions authorized under section 3(a)(2).

"(b) When requested by the Secretary, advances shall be made to the fund from the appropriations made therefor. There is authorized to be appropriated for the purpose of making advances to the fund, without fiscal year limitation, an amount not exceeding \$125,000,000.

"(c) Receipts arising from the program authorized by section 3(a)(2) shall be credited to the fund.

"(d) Any moneys in the fund determined by the Secretary to be in excess of current needs shall be credited to the appropriation from which advanced to be held for future advances to the fund.

"(e) There shall be paid into miscellaneous receipts of the Treasury at the close of each fiscal year interest on advances to the fund at a rate which shall be determined by the Secretary of the Treasury after taking into consideration the current average market yield of outstanding marketable obligations of the United States having comparable maturities.

"(f) Contributions shall be made from the fund to the civil-service retirement and disability fund, on the basis of annual billings as determined by the Civil Service Commission, for the Government's share of the cost of the civil-service retirement system applicable to employees (and their beneficiaries) performing activities authorized under section 3(a)(2). Contributions shall also be made to the employee's compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees performing activities authorized under section 3(a)(2). The annual billings shall also include a statement of the fair portion of the cost of the administration of the respective funds, which shall be paid by the Secretary of Commerce into the Treasury as miscellaneous receipts.

"BUDGET AND AUDIT

"SEC. 16. In the performance of and with respect to the functions, powers, and duties vested in him by section 9 of this Act, the Secretary of Commerce shall—

"(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended; and

"(2) maintain a set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required:

Provided, That the Secretary, with respect to the program of financial assistance authorized by section 3(a)(2), shall determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

"AREA REDEVELOPMENT ADMINISTRATOR

"SEC. 17. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Redevelopment Administrator who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce may assign.

"POWERS

"SEC. 18. In the performance of, and with respect to, the functions, powers, and duties vested in him under this Act, the Secretary of Commerce may—

"(1) adopt, alter, and use a seal, which shall be judicially noticed; and (subject to the civil service and classification laws) select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties;

"(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

"(3) under such regulations as he may prescribe, make such findings and determinations as may be required for the proper administration of this Act, and such findings and determinations, together with those required to be made by the Secretary of Labor pursuant to section 4 hereof, shall be final and shall not be subject to review in any court by mandamus or otherwise: *Provided*, That with respect to the validity, effect, and enforcement of section 3(a)(2) or security taken thereunder, statutes, rules, and regulations pertaining generally to suits by and against the United States shall be applicable;

"(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this Act, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

"(5) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans made under this Act;

"(6) pursue to final collection, by way of compromise or other administrative action prior to reference to the Attorney General, all claims against third parties assigned to the Secretary in connection with loans made by him. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Secretary deeds of conveyance, deeds of release, assignments and satisfactions of mortgages,

and any other written instrument relating to real property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for this purpose;

"(7) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 3(a)(2); and

"(8) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or securities or evidences of indebtedness acquired under the provisions of this Act: *Provided*, That no attorney's services shall be procured by contract in any office where an attorney or attorneys are or can be economically employed full time to render such service.

"ADVISORY BOARD

"SEC. 19. To advise the Secretary of Commerce in the performance of functions authorized by this Act, there is authorized to be created an Area Redevelopment Advisory Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: The Secretary, as Chairman, the Secretaries of Agriculture, Health, Education, and Welfare, Labor, and the Treasury, and the Administrators of the Housing and Home Finance Agency and the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions authorized by this Act. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

"DEPOSITARIES AND AGENTS

"SEC. 20. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Secretary of Commerce in the general performance of the powers conferred by this Act. Each Federal Reserve bank shall be entitled to be reimbursed for all expenses incurred as such fiscal agent. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, may act as custodians and depositaries for the Secretary of Commerce.

"PENALTIES

"SEC. 21. With respect to financial assistance authorized by this Act—

"(1) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary of Commerce, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(2) Whoever, being connected in any capacity with the Secretary of Commerce (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (B) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Secretary, makes any false entry in any book, report, or statement of or to the Secretary, or, without being duly authorized, draws any

order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract or other act of the Secretary, or (D) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Secretary shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

As used in this section the terms "Secretary" and "Secretary of Commerce" shall mean, with respect to the lending activities of the Housing and Home Finance Administrator authorized under section 112 of the Housing Act of 1949, the Housing and Home Finance Administrator.

"USE OF OTHER FACILITIES

"SEC. 22. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Secretary of Commerce shall to the extent practicable and with their consent use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

"CONSULTANTS

"SEC. 23. The Secretary of Commerce may obtain services as authorized by section 15 of the Act of August 2, 1946 (55 U.S.C. 55(a)), at rates not to exceed \$75 per diem for individuals.

Mr. VAN ZANDT (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the amendment be considered as read.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. PATMAN. Mr. Chairman, reserving the right to object, we would like to know something about the substitute; how long is it and has it been printed?

The CHAIRMAN. The gentleman will have 5 minutes to explain his amendment.

Mr. PATMAN. Mr. Chairman, I reserve the right to object until the gentleman completes his statement.

(Mr. VAN ZANDT asked and was given permission to revise and extend his remarks.)

Mr. VAN ZANDT. Mr. Chairman, with a few exceptions, my compromise bill, H.R. 4878, offers the same types of aid contained in S. 722 and the administration bill H.R. 4264.

For example, instead of making every depressed area eligible for the same types of assistance, my bill provides different degrees of Federal assistance based upon the level of chronic unemployment and the need in such areas.

In this connection, it is my belief that areas which have suffered greater levels

of unemployment should be entitled to a greater degree of aid than those communities whose problems of unemployment are of a lesser degree.

Briefly, my bill, H.R. 4878, provides for the following programs:

First. Technical assistance: Depressed areas would be eligible for technical assistance to help the communities to appraise their physical and human resources, which would prepare them to plan constructive programs to attract new businesses and expand existing businesses in these areas.

Second. Community loans: Depressed communities would be eligible to receive loans from a revolving fund of \$100 million.

We know that the conventional lending facilities in depressed areas are not as venturesome as those in growing and expanding communities.

The fund would put the depressed areas on a more equal footing with other communities in attracting new jobs.

Third. Public facilities: Some communities need improvement in public facilities before they would become sufficiently attractive to new businesses which might desire to locate in these areas.

My bill provides for an establishment of a \$25 million revolving fund from which these communities would be able to borrow.

While the figure may appear modest, attention is called to the fact that legislation is pending before the House which would establish special funds for community facilities.

Meanwhile, under my bill, H.R. 4878, a smaller fund would be allocated and earmarked to aid depressed areas.

In addition, the most depressed communities which do not have the sufficient resources to borrow funds would be eligible to receive grants up to a maximum of \$25 million.

At this point, let me stress that this is not an annual appropriation but is intended to be a \$25 million revolving fund from which these communities would be able to borrow.

The administrator of the program would be expected to limit the grants only to communities with the greatest need for aid and which do not have sufficient resources to repay the loans in the foreseeable future.

It should be stressed that this is no giveaway program; under the provisions of my bill grants would be made only for projects which would provide lasting improvements and thus broaden the economic base of the communities.

Fourth. Vocational training and subsistence: One of the big problems of the people in depressed areas is the fact that many of their industries have declined or disappeared and, consequently, the demand for the skills acquired by the people in these areas has also diminished or vanished.

In order to enable these people whose skills have become obsolete to gain new employment, we must provide facilities to retrain them.

But many have been unemployed for a long period of time, and it would be unreasonable to expect that they could

undergo an effective period of vocational training without any means of support.

Consequently, while the unemployed are undergoing training and if they are no longer eligible for unemployment compensation, they would be receiving subsistence payments equal to the average unemployment insurance in their State during the period while they are undergoing training, but not for a period exceeding 13 weeks.

Only the unemployed residing in the communities with the highest level of unemployment would be eligible for this type of aid and the total amount that would be appropriated for this program would be limited to \$5 million a year.

In brief, these are the provisions of my compromise bill, H.R. 4878.

They are modest, but at the same time will provide a sound program of Federal assistance to depressed areas.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from New York.

Mr. MULTER. Is it not a fact that after the gentleman tried to visit the President in order to work out a compromise the President indicated that no compromise would be accepted except the administration measure of \$53 million?

Mr. VAN ZANDT. I did not talk to the President.

Mr. MULTER. The gentleman tried to.

Mr. VAN ZANDT. No, I did not try to. I said two Members of the other body plus the Governor of a State in eastern United States did, however.

Mr. MULTER. Is this a correct quotation, that President Eisenhower said he "had already spoken in support of the administration bill"? That was the answer the gentleman got?

Mr. VAN ZANDT. That was the answer received from a representative of the administration and not the President.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. As a practical matter, does the gentleman see any chance for action in this Congress on a bill which would require a conference?

Mr. VAN ZANDT. I think if we sent to conference a bill along the lines of the bill I have offered in the form of a substitute we would then give the conferees a wide area of latitude in which to negotiate with the White House in an effort to come up with a compromise.

Mr. PATMAN. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania that the amendment be considered as read?

There was no objection.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Pennsylvania [Mr. VAN ZANDT] for the committee amendment.

The substitute for the committee amendment was rejected.

Mr. THOMSON of Wyoming. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the committee depressed area bill presented here is fatally defective.

It has been effectively pointed out, that this scheme would result in pirating industry from one area to another.

The effect upon several areas, rich in natural resources, that have been awaiting development on a sound economic basis until population develops in their marketing area, and so forth, has not been mentioned. The effect of this committee bill would be to place the Federal Treasury in direct competition with them in their efforts. They would be confronted with unfair competition from Government subsidy in the form of low interest rates to industries if they will locate in another area and with grants from the Federal Treasury for industry support facilities.

The most serious objection to this legislation though is not what it would do to any particular area but what it would do to the general public interest. When we abandon the principle of producing on the most sound economic basis, it simply means that everything will cost more and we will have less. It simply means our standard of living and the progress of America will suffer. It represents a serious departure from the free enterprise system. As such, it constitutes a real danger to America and Americans everywhere.

(Mr. THOMSON of Wyoming asked and was given permission to revise and extend his remarks.)

Mr. MOORE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have joined with a number of my colleagues over the past year in an attempt to bring legislation which would provide relief for the depressed areas of our country to the floor of the House for the consideration of the entire membership. While our efforts to do this through proper legislative channels failed and the legislation itself at this time remains in the Rules Committee by a tie vote of 6 to 6, the resultant Calendar Wednesday procedure was the only thing that was remaining available to us. Since we have attempted to avail ourselves of this parliamentary procedure to give consideration to this legislation, we have seen the membership of the House punished by a long series of successive rollcalls which had as their only purpose the consumption of time which meant the ultimate defeat of S. 722 if successful.

First let me say that I have my sincere doubts that S. 722 will ever become law. I have the distinct suspicion and fear that we are legislating a political issue for the 1960 campaign, rather than attempting legislatively to provide an answer to the problem that exists in so many areas of our country.

I had hoped that the committee would see fit to adopt the administration's proposal or the provisions that were in my bill which I introduced on February 5, 1959, H.R. 4172, which incorporates the

administration's bill, for the simple reason that I see it as the only possible hope for legislation of this nature to be enacted into law this year. However meritorious S. 722 might be in the eyes of its sponsors—and I assume them to be sincere individuals—I am convinced that it will never become law. It is obvious from the rollcalls we have attended today that there are sufficient votes in the House of Representatives to sustain a veto by the President. The President has made it clear that this legislation in this form is unacceptable to him, but that the provisions of my bill, H.R. 4172, the administration's proposals, are acceptable to him. I say to the House in the interest of all of the people who are depending upon this Congress to provide an answer to this problem that the administration's bill should be passed, differences worked out in conference between the two Houses, and sent to the President for his signature. Only in that way are we going to legislate an answer rather than a political issue here today.

The people of my State of West Virginia cannot wait another 2 years or until such time as the Congress takes a more realistic approach to this problem that confronts them today, for if that happens, I am afraid the cure will have arrived long after the patient has died.

As certain as I speak to you from the Well of the House, unless we do this, all that has transpired today is a futile gesture. I would then hope that reason prevail and I urge that the House adopt in the Committee the administration's proposal which we are assured would become law.

To do this would provide us with an opportunity of attempting to iron out an acceptable bill between the House and the Senate and give some of us on both sides of the aisle the opportunity to bring about a compromise between the approach advanced by the Congress and that advanced by the President. To do otherwise makes this another exercise in futility.

However, failing to see the contents of my bill, H.R. 4172, the administration's proposals, adopted, in an effort to help the people of my State, it is my intention to support S. 722 and to vote for its passage, and further, in the event that it is subsequently vetoed by the President of the United States, I intend to depart from a hard and fast rule that I have followed since coming to the U.S. Congress. I have never voted to override a Presidential veto, but if given the opportunity in this instance to override that veto if and when the same is forthcoming, I shall do so.

(Mr. MOORE asked and was given permission to revise and extend his remarks.)

Mr. CONTE. Mr. Chairman, I offer a substitute for the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. CONTE of Massachusetts as a substitute for the committee amendment offered by Mr. SPENCE: Strike out all after the enacting clause and insert in lieu thereof the text of the bill H.R. 4259.

Mr. CONTE. Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

Mr. PATMAN. Reserving the right to object, may I inquire about the gentleman's bill? How many pages in the bill?

The CHAIRMAN. The Chair has before him a copy of the amendment. It purports to be the language contained in H.R. 4259, and is 28½ pages long.

Mr. PATMAN. I hope the gentleman does not insist on that. We have not considered the gentleman's bill.

The CHAIRMAN. The bill was introduced on February 9, 1959. The gentleman offers the language of this bill as a substitute for the committee amendment.

Mr. HALEY. I object, Mr. Chairman.

The CHAIRMAN. The Clerk will report the substitute amendment offered by the gentleman from Massachusetts.

The Clerk read as follows:

Amendment offered by Mr. CONTE as a substitute for the committee amendment offered by Mr. SPENCE: Strike out all after the enacting clause and insert in lieu thereof the text of the bill H.R. 4259, as follows: "That this Act be cited as the 'Area Redevelopment Act'."

"DECLARATION OF PURPOSE

"SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment which causes hardship to many individuals and their families and detracts from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government in cooperation with the States, should help areas of substantial and persistent unemployment to take effective steps in planning and financing their economic development; that Federal assistance should enable communities to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies; and that new employment opportunities should be created rather than merely transferred from one community to another.

"AREA ECONOMIC REDEVELOPMENT ADMINISTRATION

"SEC. 3. To assist areas in the United States designated hereinafter as redevelopment areas, the Secretary of Commerce is authorized to take such action as may be necessary to carry out the provisions of this Act. To assist the Secretary of Commerce (hereinafter referred to as the 'Secretary'), there is hereby established within the Department of Commerce an Area Economic Redevelopment Administration which shall be headed by an Administrator who shall be appointed by the Secretary and who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary may assign.

"ADVISORY BOARD

"SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Economic Redevelopment Advisory Board (hereinafter referred to as the 'Board'), which shall consist of the following members, all ex officio: The Secretary, as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Labor; and Treasury; the Administrators of the Housing and Home Finance Agency and of the Small Busi-

ness Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

"(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and which shall be composed of representatives of labor, management, agriculture, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

"(c) The Secretary is authorized from time to time to call together and confer with representatives of the various parties in interest from any industry in which employment has dropped substantially over an extended period of years and which in consequence has been a primary source of high levels of unemployment in several areas designated by the Secretary as redevelopment areas. Conferences convened under authority of this subsection shall consider with and recommended to the Secretary plans and programs with special reference to any such industry to carry out the purposes of this Act.

"REDEVELOPMENT AREAS

"SEC. 5. (a) The Secretary shall designate as 'industrial redevelopment areas' those industrial areas within the United States in which he determines that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any industrial area in which there has existed unemployment of not less than (1) 15 per centum of the labor force during the six-month period immediately preceding the date on which application for assistance is made under this Act, (2) 12 per centum of the labor force during the twelve-month period immediately preceding such date, (3) 9 per centum of the labor force during at least fifteen months of the eighteen-month period immediately preceding such date, or (4) 6 per centum of the labor force during at least eighteen months of the twenty-four-month period immediately preceding such date.

"(b) The Secretary shall also designate as 'rural redevelopment areas' those rural areas within the United States in which he determines that there exist the largest number and percentage of low-income families, and a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection, the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, and the availability of manpower in each such area for supplemental employment.

"(c) In making the determination provided for in this section, the Secretary shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

"(d) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, and the Director of the Bureau of the Census are respectively authorized to conduct such special studies, obtain such information and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in this section. The Secretary shall reimburse, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

"(e) As used in this Act, the term 'redevelopment area' refers to any area within the United States which has been designated by the Secretary as an industrial redevelopment area or a rural redevelopment area, and may include one or more counties, or one or more municipalities, or a part of a county or municipality.

"LOANS AND PARTICIPATIONS

"SEC. 6. (a) The Secretary is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein) to aid in financing any project for the purchase or development of land and facilities for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied factory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use. Such financial assistance shall not be extended for working capital, for purchases of machinery or equipment, or to assist establishments relocating from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

"(1) The total amount of loans and loan participations (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in industrial redevelopment areas shall not exceed \$100,000,000, and (B) with respect to projects in rural redevelopment areas shall not exceed \$50,000,000;

"(2) Such assistance shall be extended only to applicants, both private and public, approved by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed shall be located;

"(3) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms;

"(4) No loan shall be made unless it is determined that an immediate participation is not available;

"(5) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment;

"(6) No loan, including renewals or extension thereof may be made hereunder for a period exceeding thirty years and no evidences of indebtedness maturing more than thirty years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor, or if extension or renewal for additional periods, not to exceed, however, a total of ten years, will aid in the orderly liquidation of such loan or of such evidence of indebtedness;

"(7) Such assistance shall not exceed 50 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of ac-

quiring or developing land and facilities, and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project and shall, among others, be on the following conditions:

"(A) That other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

"(B) That not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization, as equity capital or as a loan repayable only after the financial assistance hereunder has been repaid in full according to the terms thereof and, if such loan is secured, its security shall be subordinate and inferior to the lien or liens securing the financial assistance hereunder; and

"(C) That in making any loan under this section with respect to an industrial redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such loan is made shall be supplied by nongovernmental sources.

"(8) No such assistance shall be extended unless there shall be submitted and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

"(c) Of the funds authorized to be appropriated under section 8 of this Act, not more than \$100,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in industrial redevelopment areas, and not more than \$50,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in rural redevelopment areas.

"LOANS FOR PUBLIC FACILITIES

"SEC. 7. (a) Upon the application of any State, or political subdivision thereof, or private or public organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that—

"(1) the project for which financial assistance is sought will provide more than a temporary alleviation of unemployment or underemployment in the redevelopment area wherein such project is, or will be, located, and will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

"(2) the funds requested for such project are not otherwise available on reasonable terms;

"(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof; and

"(4) there is a reasonable expectation of repayment.

"(b) No loan under this section shall be for an amount in excess of 50 per centum of the aggregate cost of the project for which such loan is made. Subject to section 11(5), the maturity date of any such loan shall be not later than thirty years after the date such loan is made.

"(c) In making any loan under this section, the Secretary shall require that not

less than 10 per centum of the aggregate cost of the project for which such loan is made shall be supplied by the State (including any political subdivision thereof) within which such project is to be located as equity capital, or as a loan repayable only after the financial assistance provided under this section has been repaid in full, and, if such loan is secured, its security shall be subordinate to the lien or liens securing the financial assistance provided under this section. In determining the amount of participation required under this subsection with respect to any particular project, the Secretary shall give consideration to the financial condition of the State or local government, and to the per capita income of the residents of the redevelopment area, within which such project is to be located.

"(d) Of the funds authorized to be appropriated under section 8 of this Act, not more than \$50,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section.

"APPROPRIATION FOR LOANS

"SEC. 8. There is hereby authorized to be appropriated not to exceed \$200,000,000 to provide funds for loans under this Act.

"INFORMATION

"SEC. 9. The Secretary shall aid redevelopment areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

"TECHNICAL ASSISTANCE

"SEC. 10. In carrying out his duties under this Act, the Secretary is authorized to provide technical assistance to areas which he has designated as redevelopment areas under this Act. Such assistance shall include studies evaluating the needs of, and development potentialities for, economic growth of such areas. Such assistance may be provided by the Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purpose. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$3,500,000 annually.

"POWERS OF SECRETARY

"SEC. 11. In performing his duties under this Act, the Secretary is authorized to—

"(1) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties, provide bonds for them in such amounts as the Secretary shall determine, and pay the costs of qualification of certain of them as notaries public;

"(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

"(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or

instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

"(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this Act, and collect or compromise all obligations assigned to or held by him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

"(5) further extend the maturity of or renew any loan made under this Act, beyond the periods stated in such loan or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan;

"(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with the payment of loans made under this Act;

"(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made under this Act. This shall include authority to obtain deficiency judgments or otherwise as in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Secretary deeds of conveyance, deed of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

"(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

"(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made under this Act;

"(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classifications law, and, except in the case of stenographic reporting services by organizations, without regard to section 3709

of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses; and

"(11) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

"TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

"SEC. 12. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

"PROCUREMENT BY GOVERNMENTAL AGENCIES

"SEC. 13. Each department, agency, or other instrumentality of the Federal Government engaged in the procurement of any supplies of services for use by or on behalf of the United States shall—

"(1) use its best efforts to award negotiated procurement contracts to contractors located within redevelopment areas to the extent procurement objectives will permit;

"(2) where deemed appropriate, set aside portions of procurements for negotiation exclusively with firms located in redevelopment areas, if a substantial proportion of production on such negotiated contracts will be performed within redevelopment areas and if such firms will contract for such portions of the procurement at prices no higher than those paid on the balance of such procurements;

"(3) where deemed appropriate and consistent with procurement objectives, after the expiration of the period during which bids for any procurement are permitted to be submitted and if the lowest of such bids was submitted by a firm in an area other than a redevelopment area, negotiate with firms in redevelopment areas with a view to ascertaining whether any such firm will furnish the services or supplies with respect to which bids were theretofore submitted for an amount equal to, or less than, the amount of the lowest bid theretofore submitted for the furnishing of such services or supplies, and if such firm can be found, award the contract for the furnishing of such services or supplies to such firm;

"(4) assure that firms in redevelopment areas which are on appropriate bidders' lists will be given the opportunity to submit bids or proposals on all procurements for which they are qualified and on which small business joint determinations have not been made, but whenever the number of firms on a bidders' list is exclusive, there shall be included a representative number of firms from redevelopment areas;

"(5) in the event of tie bids on offers on any procurement, award the contract to the firm located in a redevelopment area, other things being equal;

"(6) encourage prime contractors to award subcontracts to firms in redevelopment areas; and

"(7) cooperate with other departments, agencies, and instrumentalities of the Federal Government in achieving the objectives set out in this subsection.

"URBAN RENEWAL

"SEC. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA ECONOMIC REDEVELOPMENT ACT

"SEC. 112. (a) When the Secretary of Commerce certifies to the Housing and Home Finance Administrator (1) that any county, city, or other municipality (in this section referred to as a 'municipality') is situated in an area designated under section 5(a) of the Area Economic Redevelopment Act as an industrial redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economic development, the Housing and Home Finance Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Housing and Home Finance Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) that the project area be clearly predominantly residential in character or that it be redeveloped for predominantly residential uses; but no such assistance shall be provided in any area if such Administrator determines that it will assist in relocating business operations from one area to another when such assistance will result in substantial detriment to the area of original location by increasing unemployment.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structure suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or non-profit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *And provided further*, That the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed under section 105(b).

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Housing and Home Finance Administrator may exercise the authority vested in him under this section for the completion of such project, notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an industrial redevelopment area under the Area Economic Redevelopment Act.

"(f) Not more than 10 per centum of the funds authorized for loans under section 102 or for capital grants under section 103 shall be available to provide financial assistance under this section."

"URBAN PLANNING GRANTS

"SEC. 15. The second sentence of section 701 of the Housing Act of 1954 is amended by

adding the following in clause (2) after the words 'decennial census which': '(i) are situated in areas designated by the Secretary of Commerce under the Area Economic Redevelopment Act as industrial redevelopment areas, or (ii)'.

"VOCATIONAL TRAINING

"SEC. 16. (a) The Secretary of Labor shall determine the vocational training or retraining needs of unemployed individuals residing in redevelopment areas and shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

"(b) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the vocational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions: *Provided*, That the Secretary of Labor shall arrange to provide any necessary technical assistance for setting up apprenticeship, journeyman, and other job training needed in the locality.

"PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

"SEC. 17. The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on projects undertaken by public applicants assisted under this Act (1) shall be paid wages at rates no less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of August 30, 1935 (Davis-Bacon Act), and (2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed.

"PENALTIES

"SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security thereof, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this title, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(b) Whoever, being connected in any capacity with the Secretary (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Secretary makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized,

draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Secretary shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"EMPLOYMENT OF EXPEDITORS AND ADMINISTRATIVE EMPLOYEES

"SEC. 19. No loan shall be made by the Secretary under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, and the fees paid or to be paid to any such person; and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent or employee of the Secretary occupying a position or engaging in activities with which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

"ANNUAL REPORT

"SEC. 20. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1960. Such report shall be printed, and shall be transmitted to the Congress not later than January 3, of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business firms located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Secretary, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Secretary such information as may be necessary for the purposes of this section.

"APPROPRIATION

"SEC. 21. In addition to appropriations hereinbefore specifically authorized, there are further authorized to be appropriated such sums as may be necessary to carry out the provisions and purposes of this Act.

"USE OF OTHER FACILITIES

"SEC. 22. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Secretary shall, to the extent practicable and with their consent, use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall

be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

"RECORDS AND AUDIT

"SEC. 23. (a) Each recipient of assistance under section 6 or 7 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6 or 7 of this Act."

Mr. BOGGS (interrupting the reading of the amendment). Mr. Chairman, I move that the further reading of the substitute amendment be dispensed with.

The CHAIRMAN. That motion is not in order. Unanimous consent is required to dispense with the further reading of the amendment.

Mr. BOGGS. Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

Mr. HALEY. Mr. Chairman, I object.

Mr. HECHLER (during the reading of the amendment). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. HALEY and Mr. ABERNETHY objected.

The CHAIRMAN. Objection is heard.

Mr. HARRIS (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that further reading of the substitute amendment be dispensed with, but that it be printed in full in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The CHAIRMAN. The gentleman from Massachusetts [Mr. CONTE] is recognized for 5 minutes in support of his amendment.

Mr. CONTE. Mr. Chairman, I rise in support of H.R. 4259 which I have offered as a substitute bill.

This substitute, in my opinion, constitutes a reasonable, effective, and moderate approach to the problem of area redevelopment for our distressed communities. At this time I would like to outline, very briefly, the features of the bill.

The area redevelopment project is placed within the Department of Commerce with an Administrator equivalent to an Assistant Secretary. A Cabinet-level Advisory Board and a 25-man Public Advisory Committee are established, to assist in launching the area redevelopment program and to help guide it along useful lines as experience shows the problems and opportunities resulting from this type of project.

H.R. 4259 establishes criteria for loan eligibility, based upon specific levels of unemployment for industrial areas with substantial and persistent unemployment. The bill extends redevelopment loans to rural areas with the largest number and percentage of low-income families, where there is substantial and persistent underemployment.

The State or its instrumentality, or a responsible local redevelopment group with governmental approval, may submit area redevelopment plans and aid in obtaining loans for local redevelopment projects. State or local governmental approval is required for all projects.

This bill authorizes appropriations for a group of three revolving funds totalling \$200 million. It is to be emphasized that no direct grants are authorized, and that the money is to be appropriated through regular congressional channels. The revolving fund loans will be constituted as follows: \$100 million for industrial facilities, to exclude machinery or equipment; \$50 million for rural development projects; \$50 million for public facilities.

The Secretary of Commerce is to determine a realistic rate of interest on all loans. No loan may be made if the funds required are otherwise available on reasonable terms.

Federal participation in any project, through loans, may not constitute more than 50 percent of the cost of the project. On the other hand, the minimum State or local government must make available at least 10 percent of the funds required. The minimum private participation is set at 5 percent.

This bill sets 30 years as the maximum loan period. Technical assistance to aid areas in encouraging new industries is authorized, in the amount of \$3.5 million annually. Vocational retraining programs, supervised by the Secretary of Labor, are authorized.

It amends the Housing Act of 1949 to permit the Housing and Home Finance Agency to give financial assistance to projects in municipalities without regard to the predominantly residential requirement in that act. My bill also contains a provision to assure that the prevailing rate of wage and 40-hour week, as provided for in the Davis-Bacon Act, be observed in contracts under area redevelopment plans.

The bill also contains a provision which seeks to channel Federal procurement into designed redevelopment areas.

Those are the most important provisions of my bill, Mr. Chairman.

At this time, I would like to point to certain provisions of the bill which I feel make the bill particularly worthy of consideration.

First of all, the administration of the program is placed within the Department of Commerce. S. 722 as reported out of committee establishes a brand new agency in the Government to administer the program. I feel very strongly that we should avoid creating new governmental agencies where it is not necessary. Furthermore, a program such as this, dealing with business and commerce, rightfully belongs within the Department of Commerce. I can see no reason whatever for placing it elsewhere.

Second. H.R. 4259 eliminates any provision for direct grants, while S. 722 as reported, contains provisions for \$35 million in direct grants for public facilities. I consider that a most dangerous precedent. Direct grants for public facilities are bound to reduce the level of local initiative and interest. But even more alarming, direct grants would actually assist certain areas in stealing industries from other areas. The opportunities for abuse here are far greater than in the loan areas. Let us say that city A, which is depressed, is planning public facilities. But suddenly this bill is passed and the city gets a windfall of "X" number of dollars for new public facilities. Now, with the money it has saved—and must never repay, city A can offer special tax inducements to an industry in city B which will move its operations to A. The possibilities for flagrant abuse are clear.

As a New Englander, Mr. Chairman, I have another reason to oppose direct grants for public facilities. For decades now, my State and others in the Northeastern United States have been losing industries to the South and other less developed parts of the United States. The record shows that direct Federal grants are usually given to less developed States at a rate two to three times greater, per tax dollar contributed, than is the case in Massachusetts. In all good conscience, I cannot support direct grants for public facilities when I know that these funds will go to help make more attractive areas which are intent on luring away our industries.

I have no objection to loaning funds for public facilities. I know that these loaned funds will be more fairly distributed. You will note that the substitute I propose contains provision for \$50 million in loans for public facilities.

But, direct grants for this purpose would work to the prejudice of communities which have been saving to help themselves for years and years. We have heard of thousands of local redevelopment groups all over the country. In my own district, there are several such outstanding groups, including the Northern Berkshire Development Corp. which has raised \$190,000 for encouraging new industrial projects. We have other outstanding groups in Pittsfield, Great Barrington, Greenfield and other areas.

If we enact a bill containing provisions for direct grants, any community—even if it has never done anything to help itself—can apply for such loans if its situation is serious enough. I think this would be most unfair to those communities which have been striving for years to help themselves.

In closing, Mr. Chairman, I want to say that my principal concern is to see the enactment of legislation that will assist economically depressed areas get back on their feet, but I sincerely believe that any bill that we pass must be aimed at helping those areas which would help themselves. I also believe that legislation we pass must get to the heart of the problem by assisting those areas in need of redevelopment—and I stress the "re."

While I agree that every area in the Nation should be able to develop its full potential, I feel that this particular legislation should be aimed at assisting those areas which, through no fault of their own, have become depressed.

Therefore, I urge enactment of H.R. 4259 which I believe will meet the criteria of aiding areas willing to do their share and areas that require redevelopment in order to play an equal role in an expanding and healthy economy.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Massachusetts.

The amendment was rejected.

Mr. ARENDS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, just a moment ago, the gentleman from New York made an interesting observation, to wit, that in the city of Schenectady approximately 18,000 people were out of employment.

The question that arises in my mind is: Who is responsible for unemployment that is caused by scientific or technological employment? At Schenectady is one of the great industrial companies in the country, but one which very quickly feels the effect of technological advances. Is such change, with its unemployment problems, now to become a problem the Federal Government must solve?

Take the situation in my own district or in districts which are purely agricultural. According to the latest tentative census figures, although these figures may not yet be entirely accurate, there has been a drop of something like 1,000 to 1,100 farmers who have been forced to leave the farm due to technological and know-how advances. What happened to those dislocated families? They have moved from the farms to other areas where they could find employment. Therefore, the question I would ask is: Is it the duty of the local communities or the people themselves to help meet this problem wherever they possibly can?

(Mr. JOHNSON of Maryland asked and was given permission to extend his remarks at this point in the Record.)

Mr. JOHNSON of Maryland. Mr. Chairman, I feel that there are several basic defects in the bill we now have under discussion. As I survey the benefits and costs to the various States of the proposed plant loan funds, I find that the allocation for the State of Maryland for industrial loans is \$579,000 and for rural loans nothing. The cost to the State of Maryland however would be \$2,820,000.

It appears to me that under this bill the loan and grant program cannot be made on a rational basis. There are some areas in my district which have had chronic unemployment for several years. We are striving to encourage economic development to alleviate our unemployment problem. I firmly believe action is necessary to aid such depressed areas, but I cannot impose upon the State of Maryland a program costing approximately \$3 million and in return receive less than \$600,000 in benefits. I desire to aid my people realistically and I cannot do this by supporting this measure.

Mr. CLEM MILLER. Mr. Chairman, we have been asked what the purpose of this bill is. We have been told that there is sympathy for the depressed areas, but that the amount of the money in the bill is inadequate to the task. We have also been told that we know nothing about how the bill would work out.

And this brings to the fore one of the best and least publicized reasons. We need a laboratory, we need a pilot operation to see what can be done in a basic way for these areas. Passage of this bill would give us the experience, the background to attack the problem fundamentally. It will provide field experience in this vital area which we lack now. It will give us a factual basis on which to act in the future.

This is not a flash phenomenon. This is a long-range, continuing problem. Once in this plight, an area does not easily get out of it.

And most important, it could happen to any area in this country. As technological change affects more and more areas, the possibility that this debilitating disease could strike is magnified.

Let me recapitulate. We need this bill to furnish laboratory evidence on this problem. Secondly, this is not a local problem, but has national implications because of the increasing effects of technological change. Technological change furnishes the root for a potential depressed area.

Mr. CUNNINGHAM. Mr. Chairman, it is not stated clearly just what is known as a distressed area. In any event we have no such areas in Nebraska. Yet under the committee bill Nebraska citizens will be required to send hundreds of thousands of tax dollars to Washington to help a few so-called depressed areas in the East. Our people are frugal and hardworking and they take care of their own problems. They do not look to Washington to bail them out. They do not want public relief in such situations.

In order to keep our region in good shape economically we have industrious people and organizations who go out and dig up new job opportunities. That certainly is the pioneering spirit which built this Nation of ours. Under this bill we will be penalized because we are aggressive and have broken the soil and built our economy by the sweat of our brow. We will be taxed to the tune of nearly a million dollars and will not get nor do we need a cent in return.

It seems to me that if we had such legislation on the books some 30 or 40 years ago when the blacksmith was beginning to get into trouble; if we did have such legislation on the books then we would still be subsidizing the blacksmith shop today. How ridiculous can you get?

Mr. LESINSKI. Mr. Chairman, I am highly pleased to see the action being taken today to have the depressed areas legislation brought up for a vote, for, as you know from my contacts with you, I have consistently over the past number of years been advocating and working for enactment of this type of legislation.

Coming from an area which has been experiencing one of the highest rates of unemployment in the country, I

should like to emphasize to my colleagues the urgent necessity of taking affirmative action on the measure before us. Of course, my area is not the only one which will benefit, for there are many others throughout the Nation in similar circumstances, and in need of this legislation. Ultimately, the entire Nation will benefit, for when rehabilitated these areas will be able to contribute their share to the continuance of prosperity in our Nation.

As I pointed out on a previous occasion, a number of basic factors account for the situation in Michigan. Because of a high birth rate and immigration, Michigan's population has been growing at a rate much faster than the national average, and as a result a greater number of workers are constantly entering the labor market. Automation and increased efficiency have increased production, but have reduced the number of jobs available. Automobile companies, which employ the bulk of labor in Michigan, have been dispersing their productive facilities. Large tracts of land, which industries need to expand, are not available in Detroit.

Since my area is highly dependent upon the automobile industry, I have for many years been seeking to bring about a greater diversification of industry, so that the economy will not be affected by the fluctuations in the automobile market. An area redevelopment program such as is proposed by the bill we are considering will go a long way toward helping achieve my goal.

For the good of our Nation, I strongly recommend that favorable action be taken on this legislation.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Kentucky [Mr. SPENCE].

The committee amendment was agreed to.

Mr. SPENCE. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to, and that the bill as amended do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 722) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas, had directed him to report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. SPENCE. Mr. Speaker, I move the previous question on the bill and amendment thereto to final passage.

The previous question was ordered.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. McDONOUGH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McDONOUGH. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McDONOUGH moves to recommit the bill (S. 722) to the Committee on Banking and Currency.

Mr. SPENCE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. McDONOUGH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 162, nays 223, not voting 45, as follows:

[Roll No. 78]

YEAS—162

Abbutt	Ford	Mumma
Abernethy	Forrester	Murray
Alford	Frelinghuysen	Nelsen
Alger	Gathings	Norblad
Allen	Glenn	Norrell
Andersen,	Goodell	Osmers
Minn.	Griffin	Ostertag
Arends	Gross	Pelly
Ashmore	Gubser	Pillion
Avery	Haley	Pirnie
Ayres	Halleck	Poff
Baldwin	Harris	Preston
Barden	Hemphill	Quie
Barry	Henderson	Ray
Bass, N.H.	Hiestand	Reece, Tenn.
Bates	Hoeven	Rees, Kans.
Becker	Hoffman, Ill.	Rhodes, Ariz.
Belcher	Hoffman, Mich.	Riehlman
Bennett, Fla.	Holt	Riley
Berry	Horan	Rivers, S.C.
Betts	Hosmer	Robison
Blitch	Hull	Rogers, Fla.
Bosch	Ikard	Rutherford
Bow	Jarman	St. George
Broomfield	Jensen	Schenck
Brown, Ga.	Johansen	Scherer
Brown, Ohio	Johnson, Md.	Schwengel
Broyhill	Jonas	Scott
Budge	Judd	Short
Byrnes, Wis.	Keith	Sikes
Cahill	Kilday	Simpson
Casey	Kilgore	Smith, Calif.
Cederberg	Kitchin	Smith, Kans.
Chenoweth	Knox	Springer
Chiperfield	Kyl	Taber
Church	Laird	Teague, Calif.
Collier	Landrum	Thomson, Wyo.
Colmer	Langen	Tuck
Conte	Latta	Utt
Cooley	Lennon	Van Pelt
Cramer	Lindsay	Wainwright
Cunningham	Lipscomb	Walhauser
Curtis, Mass.	McCulloch	Wels
Curtis, Mo.	McDonough	Westland
Dague	McIntire	Wharton
Davis, Ga.	McMillan	Whitten
Derounian	McSween	Widnall
Derwinski	Mahon	Williams
Devine	Mailliard	Wilson
Dixon	Matthews	Winstead
Dooley	May	Withrow
Durham	Meador	Wright
Dwyer	Michel	Younger
Everett	Milliken	
Fisher	Minshall	

NAYS—223

Addonizio	Baumhart	Brademas
Albert	Beckworth	Bray
Anfuso	Bennett, Mich.	Breeding
Aspinall	Bentley	Brewster
Bailey	Blatnik	Brock
Baker	Boggs	Brooks, La.
Baring	Boland	Brooks, Tex.
Barr	Bolling	Brown, Mo.
Barrett	Boiton	Burdick
Bass, Tenn.	Bowles	Burke, Ky.

Burke, Mass.	Hollifield	Oliver
Byrne, Pa.	Holland	Passman
Canfield	Holtzman	Patman
Celler	Huddleston	Perkins
Chamberlain	Inouye	Pfost
Clark	Irwin	Philbin
Coad	Jennings	Pilcher
Coffin	Johnson, Calif.	Poage
Cohelan	Johnson, Colo.	Porter
Cook	Johnson, Wis.	Price
Corbett	Jones, Ala.	Prokop
Curtin	Jones, Mo.	Pucinski
Daddario	Karsten	Quigley
Daniels	Karth	Rabaut
Davis, Tenn.	Kasem	Randall
Dawson	Kastenmeier	Reuss
Delaney	Kearns	Rhodes, Pa.
Dent	Kee	Rivers, Alaska
Denton	Kelly	Rodino
Diggs	Keogh	Rogers, Mass.
Dingell	King, Calif.	Roosevelt
Donohue	King, Utah	Rostenkowski
Dorn, N.Y.	Kirwan	Roush
Dorn, S.C.	Kluczynski	Santangelo
Downing	Kowalski	Saund
Doyle	Lane	Saylor
Dulski	Lankford	Selden
Edmondson	Lesinski	Shelley
Elliott	Levering	Sheppard
Evins	Libonati	Shipley
Fallon	McCormack	Siler
Farbstein	McDowell	Sisk
Fascell	McFall	Slack
Feighan	McGinley	Smith, Iowa
Fenton	McGovern	Smith, Miss.
Fino	Macdonald	Smith, Va.
Flood	Machrowicz	Spence
Flynn	Mack	Staggers
Flynt	Madden	Steed
Fogarty	Magnuson	Stratton
Foley	Metcalf	Stubblefield
Fountain	Meyer	Sullivan
Frazier	Miller, Ciem	Teller
Friedel	Miller,	Thomas
Fulton	George P.	Thompson, La.
Gallagher	Mills	Thompson, N.J.
Garmatz	Mitchell	Thompson, Tex.
Gary	Moeller	Thornberry
George	Monagan	Toll
Gialmo	Moore	Tollefson
Granahan	Moorhead	Trimble
Gray	Morgan	Udall
Green, Oreg.	Morris, Okla.	Ullman
Green, Pa.	Moss	Vanik
Griffiths	Moulder	Van Zandt
Hagen	Multer	Wampler
Halpern	Murphy	Watts
Hardy	Natcher	Whitener
Hargis	Nix	Wier
Harmon	O'Brien, Ill.	Willis
Harrison	O'Brien, N.Y.	Wolf
Hays	O'Hara, Ill.	Yates
Healey	O'Hara, Mich.	Zablocki
Hechler	O'Konski	Zelenko
Hogan	O'Neill	

NOT VOTING—45

Adair	Gavin	Morris, N. Mex.
Alexander	Gilbert	Morrison
Anderson,	Grant	Powell
Mont.	Hébert	Rains
Andrews	Herlong	Roberts
Ashley	Hess	Rogers, Colo.
Auchincloss	Jackson	Rogers, Tex.
Bonner	Kilburn	Rooney
Boykin	Lafore	Taylor
Buckley	Loser	Teague, Tex.
Burleson	Marshall	Vinson
Cannon	Martin	Walter
Carnahan	Mason	Weaver
Chelf	Morrow	Young
Dowdy	Miller, N.Y.	
Forand	Montoya	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Herlong for, with Mr. Anderson of Montana against.

Mr. Taylor for, with Mr. Rains against.

Mr. Weaver for, with Mr. Roberts against.

Mr. Lafore for, with Mr. Rooney against.

Mr. Bonner for, with Mr. Walter against.

Mr. Kilburn for, with Mr. Rogers of Colorado against.

Mr. Jackson for, with Mr. Morrison against.

Mr. Miller of New York for, with Mr. Gavin against.

Mr. Vinson for, with Mr. Ashley against.
Mr. Merrow for, with Mr. Carnahan against.
Mr. Auchincloss for, with Mr. Montoya against.
Mr. Hess for, with Mr. Martin against.
Mr. Mason for, with Mr. Morris of New Mexico against.

Until further notice:

Mr. Hébert with Mr. Adair.

Mr. ABERNETHY changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. PATMAN. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 201, nays 184, not voting 45, as follows:

[Roll No. 79]

YEAS—201

Addonizio	Fulton	Multer
Albert	Gallagher	Murphy
Anfuso	Garmatz	Natcher
Aspinall	George	Nix
Bailey	Gialmo	O'Brien, Ill.
Baker	Granahan	O'Brien, N.Y.
Baring	Gray	O'Hara, Ill.
Barr	Green, Oreg.	O'Hara, Mich.
Barrett	Green, Pa.	O'Konski
Bass, Tenn.	Griffiths	O'Neill
Baumhart	Halpern	Oliver
Beckworth	Hargis	Patman
Bennett, Mich.	Harmon	Perkins
Bentley	Hays	Pfost
Blatnik	Healey	Philbin
Boggs	Hechler	Porter
Boland	Hogan	Price
Bolling	Hollifield	Prokop
Bolton	Holland	Pucinski
Bowles	Holtzman	Quigley
Brademas	Huddleston	Rabaut
Bray	Inouye	Randall
Breeding	Irwin	Reuss
Brewster	Jennings	Rhodes, Pa.
Brooks, Tex.	Johnson, Calif.	Rivers, Alaska
Brown, Mo.	Johnson, Colo.	Rodino
Burdick	Johnson, Wis.	Rogers, Mass.
Burke, Ky.	Jones, Ala.	Roosevelt
Burke, Mass.	Karsten	Rostenkowski
Byrne, Pa.	Karth	Roush
Canfield	Kasem	Santangelo
Celler	Kastenmeier	Saund
Chamberlain	Kearns	Saylor
Clark	Kee	Shelley
Coad	Kelly	Sheppard
Coffin	Keogh	Shipley
Cohelan	King, Calif.	Siler
Cook	King, Utah	Sisk
Corbett	Kirwan	Slack
Curtin	Kiuczynski	Smith, Iowa
Daddario	Kowalski	Spence
Daniels	Lane	Staggers
Davis, Tenn.	Lankford	Steed
Dawson	Lesinski	Stratton
Delaney	Levering	Stubblefield
Dent	Libonati	Sullivan
Denton	McCormack	Teller
Diggs	McDowell	Thomas
Dingell	McFall	Thompson, La.
Donohue	McGovern	Thompson, N.J.
Dorn, N.Y.	Macdonald	Thompson, Tex.
Doyle	Mack	Thornberry
Dulski	Madden	Toll
Edmondson	Magnuson	Tollefson
Elliott	Metcalfe	Trimble
Evins	Meyer	Udall
Fallon	Miller, Clem	Ullman
Farbstein	Miller,	Vanik
Fascell	George P.	Van Zandt
Feighan	Mitchell	Wampler
Fenton	Moeller	Watts
Fino	Monagan	Wier
Flood	Moore	Wolf
Flynn	Moorhead	Yates
Fogarty	Morgan	Zablocki
Foley	Morris, Okla.	Zelenko
Frazier	Moss	
Friedel	Moulder	

NAYS—184

Abbitt	Allen	Ashmore
Abernethy	Andersen,	Avery
Alford	Minn.	Ayres
Alger	Arends	Baldwin

Barden	Gubser	Norrell
Barry	Hagen	Osmer
Bass, N.H.	Haley	Ostertag
Bates	Halleck	Passman
Becker	Hardy	Pelly
Belcher	Harris	Pilcher
Bennett, Fla.	Harrison	Pillion
Berry	Hemphill	Pirnie
Betts	Henderson	Poage
Blitch	Hiestand	Poff
Bosch	Hoeven	Preston
Bow	Hoffman, Ill.	Quie
Brock	Hoffman, Mich.	Ray
Brooks, La.	Holt	Reece, Tenn.
Broomfield	Horan	Rees, Kans.
Brown, Ga.	Hosmer	Rhodes, Ariz.
Brown, Ohio	Hull	Riehlman
Broyhill	Ikard	Riley
Budge	Jarman	Rivers, S.C.
Byrnes, Wis.	Jensen	Robison
Cahill	Johansen	Rogers, Fla.
Casey	Johnson, Md.	Rutherford
Cederberg	Jonas	St. George
Chenoweth	Jones, Mo.	Schenck
Chiperfield	Judd	Scherer
Church	Keith	Schwengel
Collier	Kilday	Scott
Colmer	Kilgore	Selden
Conte	Kitchin	Short
Cooley	Knox	Sikes
Cramer	Kyl	Simpson
Cunningham	Laird	Smith, Calif.
Curtis, Mass.	Landrum	Smith, Kans.
Curtis, Mo.	Langen	Smith, Miss.
Dague	Latta	Smith, Va.
Davis, Ga.	Lennon	Springer
Derounian	Lindsay	Taber
Derwinski	Lipscomb	Teague, Calif.
Devine	Loser	Thomson, Wyo.
Dixon	McCulloch	Tuck
Dooley	McDonough	Utt
Dorn, S.C.	McGinley	Van Pelt
Downing	McIntire	Wainwright
Durham	McMillan	Wallhauser
Dwyer	McSween	Weis
Everett	Mahon	Westland
Fisher	Mailhard	Wharton
Flynt	Matthews	Whitener
Ford	May	Whitten
Forrester	Meader	Widnall
Fountain	Michel	Williams
Frelinghuysen	Milliken	Willis
Gary	Mills	Wilson
Gathings	Minshall	Winstead
Glenn	Mumma	Withrow
Goodell	Murray	Wright
Griffin	Nelsen	Younger
Gross	Norblad	

NOT VOTING—45

Adair	Gavin	Morris, N. Mex.
Alexander	Gilbert	Morrison
Anderson,	Grant	Powell
Mont.	Hébert	Rains
Andrews	Herlong	Roberts
Ashley	Hess	Rogers, Colo.
Auchincloss	Jackson	Rogers, Tex.
Bonner	Kilburn	Rooney
Boykin	Lafore	Taylor
Buckley	Machrowicz	Teague, Tex.
Burleson	Marshall	Vinson
Cannon	Martin	Walter
Carnahan	Mason	Weaver
Chelf	Merrow	Young
Dowdy	Miller, N.Y.	
Forand	Montoya	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Buckley for, with Mr. Herlong against.
Mr. Rains for, with Mr. Tavior against.
Mr. Roberts for, with Mr. Weaver against.
Mr. Rooney for, with Mr. Lafore against.
Mr. Walter for, with Mr. Bonner against.
Mr. Gilbert for, with Mr. Kilburn against.
Mr. Powell for, with Mr. Jackson against.
Mr. Rogers of Colorado for, with Mr. Miller of New York against.
Mr. Morrison for, with Mr. Vinson against.
Mr. Carnahan for, with Mr. Merrow against.
Mr. Gavin for, with Mr. Mason against.
Mr. Forand for, with Mr. Auchincloss against.

Mr. Martin for, with Mr. Hess against.

Until further notice:

Mr. Hébert with Mr. Adair.

Mr. O'NEILL changed his vote from "nay" to "yea."

Mr. MINSHALL changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CALENDAR WEDNESDAY BUSINESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that further proceedings under the Call of the Committees on Calendar Wednesday be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

FISHING VESSELS

Mr. GEORGE P. MILLER submitted the following conference report and statement on the bill (H.R. 5421) to provide a program of assistance to correct inequities in the construction of fishing vessels and to enable the fishing industry of the United States to regain a favorable economic status, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 1589)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5421) to provide a program of assistance to correct inequities in the construction of fishing vessels and to enable the fishing industry of the United States to regain a favorable economic status, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That in order to assist certain depressed segments of the fishing industry the Secretary of the Interior is hereby authorized to pay in accordance with this Act a subsidy for the construction of fishing vessels in the shipyards of the United States.

"Sec. 2. Any citizen of the United States may apply to the Secretary for a construction subsidy to aid in construction of a new fishing vessel in accordance with this Act. No such application shall be approved by the Secretary unless he determined that (1) the plans and specifications for the fishing vessel are suitable for use in the fishery in which that vessel will operate and suitable for use by the United States for national defense or military purposes in time of war or national emergency, (2) that the applicant possesses the ability, experience, resources, and other qualifications necessary to enable him to operate and maintain the proposed new fishing vessel, (3) will aid in the development of the United States fisheries under conditions that the Secretary considers to be in the public interest, (4) that the vessel, except under

INDIA.—Planned uses of currency proceeds from title I, Public Law 480, agreements signed with the United States through March 1960

Currency use	Amount (thousand dollars equiva- lent)
Loans to finance economic development projects.....	524,653
Grants to finance economic development projects.....	106,040
Loans to private United States and Indian firms to finance business development.....	92,089
Payment of U.S. expenses.....	94,870
Financing U.S. agency programs.....	59,851
Total.....	1,967,503

¹ Differs from total value shown in commodity composition table due to purchase authorization transactions and ocean freight differential for which no rupee deposits are required.

INCREASE IN AUTHORIZATION FOR THE ENFORCEMENT OF CUSTOMS AND IMMIGRATION LAWS

Mr. FREAR. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 1325, House bill 10045.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 10045) to amend the act entitled "An act to provide better facilities for the enforcement of the customs and immigration laws," to increase the amounts authorized to be expended.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Delaware?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

Mr. FREAR. Mr. President, I ask unanimous consent that a brief excerpt from the committee report be printed in the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of H.R. 10045 is to increase the existing limitations on the amount of funds which may be expended for the purpose of providing facilities for the enforcement of the customs and immigration laws where suitable facilities are not available, from \$30,000 and \$60,000 to \$40,000 and \$80,000, respectively.

GENERAL STATEMENT

The existing law provides for the acquisition of land and the erection of buildings, sheds, and office quarters, including living quarters for officers where none are otherwise available, to aid in the enforcement of the customs and immigration laws along the Canadian and Mexican borders.

The total amount expended for the use of one department, including the cost of the site, is now limited to \$30,000, and where the facilities are provided for the joint use of the Customs Bureau and Immigration and Naturalization Service, the combined cost is limited to \$60,000 for any one project.

The original law enacted in 1930 contained a \$6,000 limitation, \$3,000 for each service. The law was amended in 1940 increasing the limitation to \$5,000 and \$10,000, in 1951 to \$15,000 and \$30,000, and in 1956 to the present \$30,000 and \$60,000.

The legislation was requested by the Department of the Treasury and has been en-

dorsed by the Department of Justice. The Treasury Department has advised the committee that the present authorization of expenditures for obtaining sites and erection of buildings for office and living quarters for personnel of the Customs Bureau and Immigration Service along our borders is inadequate. Three contracts have been awarded under the present authority. In each instance, it was necessary to eliminate many necessary and desirable features from the buildings to bring the bids within the authorized monetary limitations. Bids for the complete facilities as originally desired ranged up to \$80,000. This was particularly true with respect to buildings along the northern border.

The Customs Bureau and Immigration Service plan a rather extensive building program along our borders for the next few years, particularly on the Canadian border. It will be difficult to provide adequate facilities in these colder areas within the present limitations.

The Treasury Department advises that each project will be carefully examined to assure that only the essential facilities required at particular locations will be provided, particularly housing for living quarters, where existing housing may be available within commuting distance of the stations.

COMMITTEE RECOMMENDATIONS

The committee is aware of the unsatisfactory condition of many of our border stations and the urgent need for their improvement. It realizes that construction costs have increased over the last few years, and that recent bids for construction of certain of these facilities have exceeded the monetary authorizations. The committee therefore believes that this legislation is highly desirable and recommends its enactment.

AGENCY COMMENTS

The Department of the Treasury has requested the enactment of this legislation, and the Department of Justice has endorsed it.

PLAZA OF THE AMERICAS

Mr. FREAR. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 1326, House bill 11415.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 11415) to provide for the designation of a portion of the District of Columbia as the "Plaza of the Americas."

The PRESIDING OFFICER. Is there objection to the request of the Senator from Delaware?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

Mr. FREAR. Mr. President, I ask unanimous consent that a brief excerpt from the committee report be printed in the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of this bill is to designate an area bounded by Constitution Avenue on the south, C Street NW. on the north, and from 17th Street to 19th Street NW. as the "Plaza of the Americas."

Within these two blocks are concentrated a number of monuments to inter-American friendship and cooperation. On the corner of 17th Street and Constitution Avenue stands the magnificent Pan American Union Building, seat of the Organization of Ameri-

can States, and center of many of the dramas that have highlighted the American Republics' 70-year efforts to attain peace and justice in the Western Hemisphere through cooperative endeavors. Behind the Pan American Union Building stands the new Pan American Administration Building which houses the secretariat of the Organization of American States.

Also within this area are statues of Simon Bolivar, great liberator of the northern states of South America, and Jose Artigas, the national hero of Uruguay.

This legislation has the strong support of the Pan American Liaison Committee of Women's Organizations, which is engaged in effectively furthering inter-American understanding and good will.

A letter dated April 18, 1960, addressed to Hon. ALAN BIBLE, chairman of the Committee on the District of Columbia, from the President of the Board of Commissioners of the District of Columbia, reporting on H.R. 11415, is set forth in part as follows:

"The Commissioners of the District of Columbia have for report H.R. 11415, 86th Congress, a bill to provide for the designation of a portion of the District of Columbia as the 'Plaza of the Americas.' The portion of the District of Columbia affected by the bill includes the area located between Constitution Avenue and C Street NW. and between 19th and 17th Streets NW. This area contains three buildings occupied by the Pan American Union and statues to the memory of Simon Bolivar and Gen. Jose Artigas.

"The Commissioners believe that the designation of the described portion of the District of Columbia as the 'Plaza of the Americas' is appropriate and desirable and accordingly they recommend the enactment of the bill."

PAYMENT OF CERTAIN CLAIMS AGAINST THE UNITED STATES

Mr. FREAR. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 1327, Senate bill 3072.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3072) to authorize the Secretary of the Treasury to effect the payment of certain claims against the United States.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Delaware?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, such sum as may be necessary to effect full and final settlement of the following claims against the United States:

(a) Claims of the Government of Israel in the sum of NF45,274.25 (\$9,190.67) on behalf of Izhaq Cohen and in the sum of NF36,582.12 (\$7,426.17) on behalf of Jacob Kashi, arising as a consequence of injuries sustained by Izhaq Cohen and Jacob Kashi in an automobile accident which occurred at Paris, France, on April 22, 1956, involving a Government-owned vehicle of the United States Embassy at Paris;

(b) Claim of the Government of France in the sum of NF16,454.59 (\$3,340.28) on behalf of Marie Kerardy arising as a consequence of injuries sustained by Marie Kerardy in an

automobile accident which occurred at Paris, France, on January 13, 1954, involving a Government-owned vehicle of the United States Embassy at Paris.

In all, \$19,957.12, together with such additional sums due to increases in rates of exchange as may be necessary to pay the claims in the foreign currency specified.

Mr. FREAR. Mr. President, I ask unanimous consent that a brief excerpt from the committee report be printed in the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

S. 3072 authorizes and directs the Secretary of the Treasury to pay, out of any money in the Treasury not otherwise appropriated, such sum as may be necessary to effect full and final settlement of (1) claims of the Government of Israel in the sum of approximately \$16,616.84 on behalf of two of its nationals, and (2) a claim of the Government of France in the sum of approximately \$3,340.28 on behalf of a claim of one of its nationals. The bill authorizes and directs the Secretary of the Treasury to make a total payment of approximately \$19,957.12, together with such additional sums due to increases in rates of exchange as may be necessary to pay the claims in the foreign currency specified (French francs).

BACKGROUND

These two claims arose as a result of injuries sustained in two separate automobile accidents involving embassy vehicles operated by local employees of the U.S. Embassy in Paris. Under section 2 of Public Law 885, 84th Congress (S. 2569), 70 Stat. 890, approved August 1, 1956, the Secretary of State, when funds are appropriated therefor, may pay tort claims, in the manner authorized in the first paragraph of section 2672, as amended, of title 28 of the United States Code when such claims arise in foreign countries in connection with Department of State operations abroad. Section 2672 of title 28 of the United States Code authorizes the Secretary of State to settle any claim for money damages of \$2,500 or less against the United States "for injury or loss of property or personal injury or death caused by the negligent or wrongful act or omission of any employee of the Government while acting within the scope of his office or employment, under circumstances where the United States, if a private person, would be liable to the claimant in accordance with the law of the place where the act or omission occurred."

Since the amount of the claims in question exceed the \$2,500 limitation contained in section 2672 of title 28 of the United States Code, there is no existing legislative authority for their settlement. Accordingly, legislation was requested by the Secretary of State in a letter to the Vice President of January 29, 1960. For the information of the Members of the Senate, the letter of the Secretary of State and its accompanying report are set forth below.

COMMITTEE ACTION

Senator FULBRIGHT, by request, introduced S. 3072 in the Senate on February 19, 1960, and it was referred to the Committee on Foreign Relations. On April 12, 1960, the committee received public testimony on the bill from representatives of the Department of State and the Treasury Department. The committee considered S. 3072 in executive session on April 19, 1960, and ordered it reported favorably to the Senate.

CONCLUDING COMMENTS

The accidents on which the claims contained in S. 3072 are based were investigated by the Paris police and were determined to have been caused as a result of the negligent

operation of the vehicles by local employees of the U.S. Embassy in Paris. As the above report points out, the employees were driving the Embassy vehicles "in the performance of official Department of State activities." In addition, the U.S. Embassy in Paris has investigated and verified the amounts claimed by the Governments of Israel and France on behalf of their nationals, and the Department of State is of the opinion that they are fair and reasonable and should be paid. The Committee on Foreign Relations believes that these are legitimate claims of foreign nationals for which the U.S. Government is responsible, and recommends that S. 3072 be enacted by the Senate.

SOFIA SKOLOPOULON

Mr. FREAR. Mr. President, I ask unanimous consent for the present consideration of calendar No. 1290, Senate bill 2765.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2765) for the relief of Sofia Skolopoulon.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Delaware?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary, with amendments, in line 5, after the name "Sofia", to strike out "Skolopoulon" and insert "Skolopoulos", and in line 8, after the name "Sofia", to strike out "Skolopoulon" and insert "Skolopoulos", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act the minor child, Sofia Skolopoulos, shall be held and considered to be the natural-born alien child of Mr. and Mrs. William Sykas, citizens of the United States: *Provided,* That the natural parents of Sofia Skolopoulos shall not by virtue of such parentage be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Sofia Skolopoulos."

Mr. FREAR. Mr. President I ask unanimous consent to have printed in the RECORD at this point a brief excerpt from the committee report.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to grant to the minor child to be adopted by citizens of the United States the status of a nonquota immigrant which is the status normally enjoyed by alien minor children of U.S. citizens. The bill has been amended to correct the spelling of the beneficiary's name.

STATEMENT OF FACTS

The beneficiary of the bill is a 10-year-old native and citizen of Greece who presently resides there with her parents and two other children. Her father, the brother of the prospective adoptive mother, had his feet frozen while serving in the Greek Army in the war with Albania, and while he is em-

ployed as a mechanic, he is unable to properly support his family. The beneficiary's parents have agreed to the adoption. The prospective adoptive parents presently reside in Montpelier, Vt., and information is to the effect that they are financially able to support her.

AMENDMENT OF MOTOR VEHICLE SAFETY RESPONSIBILITY ACT OF THE DISTRICT OF COLUMBIA

Mr. FREAR. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 1267, Senate bill 2131. I merely wish to make this bill the unfinished business.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2131) to amend the Motor Vehicle Safety Responsibility Act of the District of Columbia, approved May 25, 1954, as amended.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Delaware?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the District of Columbia, with amendments.

THE PRESIDENT'S MESSAGE ON AREA REDEVELOPMENT LEGISLATION AND OTHER LEGISLATIVE PROPOSALS

Mr. BYRD of West Virginia. Mr. President, I have read the message delivered to Congress by the President yesterday.

On page 6 of the White House release the President said:

Area redevelopment legislation also needs priority attention. I have long urged legislation authorizing loans and technical assistance to help areas afflicted with long-term, substantial unemployment resulting from technological changes. The purpose is to diversify these economies and thereby create new sources of private employment. With important local efforts to provide new jobs already underway, Federal help must be of a kind that strengthens and supplements rather than displaces or discourages those efforts.

One look at the record will spell the truth in the administration's position on area redevelopment. In 1958, Senate bill 3683 was passed by this body. The date of its approval was May 13. On August 15, 1958, the House of Representatives gave its approval to S. 3683. West Virginians, Kentuckians, Pennsylvanians, and thousands of citizens across the country looked forward to needed funds for the development of new industry. On September 6, however, their hopes were dashed when President Eisenhower vetoed the bill.

What was his reason? "Unsound," he said. Another excuse was that there was too much emphasis on the Federal Government's role. He added that, under this bill, moneys would also be available to temporarily distressed areas—this not being sound, he could not see fit to allow the measure to pass his desk.

As one of my constituents told me at the time of the veto, "it cost money, so the President vetoed it, as usual."

It is irritating when the President says let us not be politically motivated during this session of Congress and then in the very message stressing this point, he makes the statement that area redevelopment legislation also needs priority attention. If this statement is not of political motivation, I know not what that phrase means. Congress passed an area redevelopment bill; the President vetoed it. Now he says we need it. Is this not the voice of Jacob but the hand of Esau?

The President says in yesterday's message:

The only way this difficult problem can be sensibly solved is through healthy Government-community cooperation that creates self-sustaining local economies.

He preceded those remarks with this statement:

I think it is basic that we reject the various schemes that would perpetuate insecurity by making distressed areas dependent upon the uncertainties of continued Federal subsidies, or that would pour Federal dollars into areas where distress has been temporary and which are competent to meet their problems themselves.

It is not the purpose of the area redevelopment bill to "pour Federal dollars into areas where distress has been temporary and which are competent to meet their problems themselves." I think this statement is a good example of the gobbledygook which has been so handy for the present administration.

Areas competent to meet the problems without aid would, naturally, not qualify for aid under the measure; however, those areas with chronic unemployment problems receiving such aid would ultimately boost themselves to the point where they would be competent to meet their problems.

The President said:

The people who need this help are hopefully looking for truly constructive action this session.

Mr. President, they were looking for constructive action 4 years ago. The President himself said in his Economic Report for 1956:

The fate of distressed communities is a matter of national as well as local concern.

In 1956—that was the date of the President's statement—yet, 2 years later the President vetoed the bill which would have helped those distressed communities to which he previously referred. And then in May of 1960 President Eisenhower attempts to charge Congress with the responsibility of getting to his desk an area redevelopment bill.

As I have said many times before, the need for such area redevelopment legislation is paramount, but obviously a Federal program amounting to \$53 million, such as the President suggests, would be insufficient to meet the demands which have become greater with the passing of time.

The President stanchly defends spending for foreign aid, but he uses the tongue-in-cheek approach when it comes to legislation dealing with area redevelopment, coal research, and aid to education.

On May 2 the Senate of the United States approved, by a vote of 60 to 25, a foreign aid authorization bill of \$4,125 million. President Eisenhower is warning the public that any cut in his foreign aid bill, set at \$4,175 million, would be calamitous.

He has said that any substantial cut in the foreign aid authorization bill would be a defeat for America and the free world.

I am for an effective mutual security program, but I find it difficult to agree with the President.

I quote from a recent piece of correspondence from Congressman OTTO PASSMAN:

Many billions of dollars in foreign aid funds are not carried in the mutual security bill. The aggregate not in the bill exceeds the amount carried in the bill.

The correspondence continues:

The total foreign aid cost, including interest on what we have borrowed to give away, now exceeds \$10 billion annually.

Mr. President, on the basis of Congressman PASSMAN's figures, a man so extremely astute in expenses involving foreign aid, I believe the President is crying wolf.

I must agree with those who say the trouble with our foreign aid program is too much money, not too little.

I consider it of most importance, and there are thousands of taxpayers who agree, that this Nation should look more closely at its foreign aid program. This country is benefactor to 60 to 70 foreign countries while thousands of American citizens are out of work and are saddled with a greater national debt than the total debt of all other countries combined.

The President referred to the need for research assistance to the coal industry. As with the area redevelopment bill, the President has also had the opportunity to offer that assistance but he did not see fit to do so.

In 1959, a bill (H.R. 6596) was offered which would have created a Coal Research and Development Commission. H.R. 6596 was passed by the House June 12, 1959. It was amended and passed by the Senate on July 28, 1959. After a series of conferences it was sent to the President for his signature. After the adjournment of Congress, the President pocket vetoed the bill.

I said then, and I shall repeat it now, the President's action was not only unwise but also unfair. The bill was on his desk for nearly a week before the adjournment of the Congress, yet he gave no indication that he was displeased with the bill.

Obviously the people wanted the coal research bill. It had passed both Houses by comfortable margins; yet, the President used a pocket veto to thwart the desires of those knowing full well the need for such legislation.

Here again, however, the President charges Congress to present to him a bill providing research assistance to the coal industry. I am confident that we will do just that—as we did in the past—and I hope that the President's advisers will urge him to sign the bill.

Mr. President, I deplore the efforts of the President to tell the Congress to eschew politics when, in actuality, the message of the President is most political.

GOVERNMENT OF LABOR ORGANIZATIONS

Mr. BYRD of West Virginia. Mr. President, there is a problem confronting us at this time which, from the numerous letters I have received, indicates clearly that a solution and remedy are necessary.

Somehow, some way, in spite of all of the study given by the Congress, in spite of all the wisdom of our judiciary, there has been created a situation where the affairs and the government of some labor organizations are regulated in accordance with our Federal statutes as enacted by Congress, while other labor organizations are subjected to the control and governed directly by Federal courts. The result can only lead to costly legal entanglements and confusion.

I do not believe that it was the intent of Congress that this conflict of jurisdiction, that this dual regulation of certain aspects of labor organizations, by both Congress and the judiciary, should exist.

Accordingly, it is good to take notice that within the past few days legislation has been introduced with the intention of bringing about a clarification of this dual jurisdiction. I join with my other colleagues who have spoken on this subject in urging early hearings in connection with this legislation. Such hearings would determine whether or not the necessity exists for any additional legislation on the subject.

SACHIKO KATO

Mr. FREAR. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 1287, Senate bill 2369.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2369) for the relief of Sachiko Kato.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Delaware?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary, with an amendment, on page 2, line 5, after the word "of", to insert "sections 242 and 243 of", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Sachiko Kato, the fiancée of Marcel F. Hoppe, a citizen of the United States, shall be eligible for a visa as a non-immigrant temporary visitor for a period of three months, if the administrative authorities find (1) that the said Sachiko Kato is coming to the United States with a bona fide intention of being married to the said Marcel F. Hoppe, and (2) that she is otherwise admissible under the Immigration and Nationality Act. In the event the marriage

between the above-named persons does not occur within three months after the entry of the said Sachiko Kato, she shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of sections 242 and 243 of the Immigration and Nationality Act. In the event that the marriage between the above-named persons shall occur within three months after the entry of the said Sachiko Kato, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Sachiko Kato as of the date of the payment by her of the required visa fee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. FREAR. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a brief excerpt from the committee report.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to enable the fiancée of a U.S. citizen to enter the United States for the purpose of marriage. If the marriage occurs within 3 months after the beneficiary's entry into the United States, the bill provides that her status may be adjusted to that of a lawful permanent resident. The amendment is technical.

STATEMENT OF FACTS

The beneficiary of the bill is a 26-year-old native and citizen of Japan who presently resides in that country. She is engaged to marry Marcel Frederick Hoppe, a U.S. citizen, who became acquainted with the beneficiary while employed in Japan by an American engineering company. Mr. Hoppe is presently self-employed as a consulting engineer.

Mr. FREAR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DISCHARGE OF COMMITTEE ON JUDICIARY FROM FURTHER CONSIDERATION OF SENATE BILL 2391—INDEFINITE POSTPONEMENT OF RESOLUTION

On motion of Mr. JOHNSON of Texas, and by unanimous consent, the resolution (S. Res. 174) to discharge the Committee on the Judiciary from the further consideration of the bill (S. 2391) to extend the Commission on Civil Rights and to provide further means for securing and protecting the right to vote, was ordered to be indefinitely postponed.

DESIRABILITY OF HOLDING AN INTERNATIONAL EXPOSITION IN THE UNITED STATES—INDEFINITE POSTPONEMENT OF RESOLUTION

On motion of Mr. JOHNSON of Texas, and by unanimous consent, the resolution (S. Res. 169) concerning the desir-

ability of holding an international exposition in the United States, was ordered to be indefinitely postponed.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, I should like to have a discussion with the senior Senator from Delaware [Mr. WILLIAMS] concerning Senate Resolution 285. If the minority attachés will notify him, perhaps another quorum call can be avoided. I should like to speak to him, if he is available, to see if a unanimous-consent agreement can be arranged in the matter.

RAYMOND THOMASON, JR.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1347, S. 2776, which was introduced by the distinguished minority leader [Mr. DIRKSEN].

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2776) for the relief of Raymond Thomason, Jr.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary, with an amendment, in line 7, after the word "States", to insert a colon and "Provided, That no natural parent of Raymond Thomason, Junior, by virtue of such parentage, shall be accorded any right, privilege, or status under the Immigration and Nationality Act", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Raymond Thomason, Junior, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Raymond Thomason, citizens of the United States: Provided, That no natural parent of Raymond Thomason, Junior, by virtue of such parentage, shall be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. KUCHEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INVESTIGATION OF CERTAIN ELECTION CHARGES

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that it may be in order to consider Calendar No. 1200, Senate Resolution 285, under the following conditions: That 10 minutes be allotted to each side, the time to be controlled by the Senator from Delaware

[Mr. WILLIAMS] and the majority leader; and that then the Senate proceed to vote on the motion to refer the resolution to committee.

I assure the Senator from Delaware that before a vote is taken, I will suggest the absence of a quorum, preparatory to having the yeas and nays ordered.

The PRESIDING OFFICER. The resolution will be stated by title.

The LEGISLATIVE CLERK. A resolution (S. Res. 285) to authorize an investigation of certain election charges.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the resolution.

Mr. JOHNSON of Texas. Mr. President, I yield myself 1 minute. The distinguished Senator from Delaware has made a general statement concerning the intent of the resolution. The resolution has not been considered by a committee. I think it is a matter which should be reviewed by the very able, wise, and judicious members of the Committee on Rules and Administration, since it involves a Member of the other body. Under the comity which exists between the two bodies, I believe the Senate should not act upon the resolution unless or until the Committee on Rules and Administration has given it proper consideration.

Mr. President, I suggest the absence of a quorum; and I ask unanimous consent that the time for the quorum call not be charged to either side. I shall ask permission to rescind the order for the quorum call before the call is concluded.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). Without objection, it is so ordered.

DR. CHIEN CHEN CHI

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1343, Senate bill 2939, without having the time required therefor charged to the time available to either side in connection with the further consideration of Calendar No. 1200, Senate Resolution 285.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Senate bill 2939 will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2939) for the relief of Dr. Chien Chen Chi.

The PRESIDING OFFICER. Is there objection to the request for the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. JOHNSON of Texas. Mr. President, this measure is brought up at the

Following passage of the bill Rep. Kastenmeier commented on the bill and urged support for establishing a National Peace Agency. pp. 8957-8

AGRICULTURE DEPARTMENT APPROPRIATION BILL, 1961. Agreed to allow the Appropriations Committee until midnight, Fri., May 6, to file a report on this bill. p. 8957

EXHIBITIONS. Rep. Kasem urged support for his resolution to have the Secretary of State "enter into negotiations to bring the U. S. into the membership of the 'Bureau International des Expositions.'" pp. 8959-62

INTEREST RATES. Rep. Burdick criticized the administration's stand on removing the interest restriction on long-term Government securities. pp. 8976-7

On motion of Mr. JOHNSON of Texas, and by unanimous consent, the resolution (S. Res. 174) to discharge the Committee on the Judiciary from the further consideration of the bill (S. 2391) to extend the Commission on Civil Rights and to provide further means for securing and protecting the right to vote, was ordered to be indefinitely postponed.

DESIRABILITY OF HOLDING AN INTERNATIONAL EXPOSITION IN THE UNITED STATES—INDEFINITE POSTPONEMENT OF RESOLUTION

On motion of Mr. JOHNSON of Texas, and by unanimous consent, the resolution (S. Res. 169) concerning the desir-

and passed.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. KUCHEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INVESTIGATION OF CERTAIN ELECTION CHARGES

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that it may be in order to consider Calendar No. 1200, Senate Resolution 285, under the following conditions: That 10 minutes be allotted to each side, the time to be controlled by the Senator from Delaware

charged to the other members to consider side in connection with the further consideration of Calendar No. 1200, Senate Resolution 285.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Senate bill 2939 will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2939) for the relief of Dr. Chien Chen Chi.

The PRESIDING OFFICER. Is there objection to the request for the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. JOHNSON of Texas. Mr. President, this measure is brought up at the

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of May 5, 1960
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HIGHLIGHTS: House committee granted permission until midnight Friday, May 6, to file report on USDA appropriation bill. Both Houses agreed to conference report on Interior and related agencies appropriation bill, including Forest Service. House passed Defense Department appropriation bill for 1961.

HOUSE

- 1. MUTUAL SECURITY.** Disagreed to the Senate amendments to H. R. 11510, the mutual security authorization bill; conferees were appointed (p. 8903). Senate conferees have been appointed.
- 2. DEFENSE DEPARTMENT APPROPRIATION BILL, 1960.** Passed by a vote of 377 to 3, with amendment, this bill, H. R. 11998. pp. 8913-56
Following passage of the bill Rep. Kastenmeier commented on the bill and urged support for establishing a National Peace Agency. pp. 8957-8
- 3. AGRICULTURE DEPARTMENT APPROPRIATION BILL, 1961.** Agreed to allow the Appropriations Committee until midnight, Fri., May 6, to file a report on this bill. p. 8957
- 4. EXHIBITIONS.** Rep. Kasem urged support for his resolution to have the Secretary of State "enter into negotiations to bring the U. S. into the membership of the 'Bureau International des Expositions.'" pp. 8959-62
- 5. INTEREST RATES.** Rep. Burdick criticized the administration's stand on removing the interest restriction on long-term Government securities. pp. 8976-7

6. LEGISLATIVE PROGRAM. Rep. McCormack stated that the legislative program for next week would include the following: On Tues., May 10, the Department of Agriculture appropriation bill for 1961 would be considered, and following that the house would consider H. R. 10495, the highway construction authorization bill for fiscal 1962, and 1963. p. 8904

SENATE

7. INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1961. Both Houses agreed to the conference report on this bill H. R. 10401. This bill will now be sent to the President. pp. 8864-71, 8910-13
8. FARM CREDIT. The Agriculture and Forestry Committee reported with amendments S. 2977, to amend the Farm Credit Act of 1933 to provide for increased representation by regional banks for cooperatives on the Board of Directors of the Central Bank for Cooperatives (S. Rept. 1335). p. 8816
9. LANDS. The Agriculture and Forestry Committee reported without amendment H. R. 9818, to provide for the conveyance of certain real property of the United States to the State of Florida (S. Rept. 1336); and S. 3070, to provide for the removal of the restriction on use with respect to certain lands in Morton County, N. Dak., conveyed to the State of North Dakota on July 20, 1955 (S. Rept. 1337). p. 8816
10. EXPORT CONTROL. Passed without amendment H. R. 10550, to extend the Export Control Act of 1949 for 2 additional years. This bill will now be sent to the President. p. 8851
11. WHEAT. Passed over, as not appropriate calendar business, S. 2759, to strengthen the wheat marketing quota and price support program. p. 8853
12. CHICORY. Passed as reported H. R. 9398, to extend for 3 years the suspension of duty on imports of crude chicory and the reduction in duty on ground chicory. p. 8854
13. RETIREMENT. Passed as reported S. 2575, to provide a health benefits program for certain retired employees of the Government (pp. 8872-5). This bill had been passed over on calendar call earlier in the day (p. 8851).
Passed over and subsequently passed as reported H. R. 8241, to amend certain provisions of the Civil Service Retirement Act relating to the reemployment of former Members of Congress. pp. 8851, 8876-84
Passed over and subsequently passed as reported S. 2857, to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under such Act. p. 8852, 8884-90, 8891-2
14. CASEIN. Passed with amendments H. R. 9862, relating to duties on certain shoe lathes and containing an amendment to extend the suspension of the import duty on casein until June 30, 1963. pp. 8892-9
15. AREA REDEVELOPMENT. Sen. Johnson and others discussed S. 722, the area redevelopment bill, and Sen. Johnson moved to agree to the House amendment. It was agreed that on Fri., May 6, there will be 2 hours debate, equally divided, on the motion to agree to the House amendment. pp. 8811-2, 8875-6, 8899-900

BILLS INTRODUCED

8. TRAVEL COSTS. S. 3485, by Sen. McClellan (by request), to amend section 7 of the Administrative Expenses Act of 1946, as amended, to provide for the payment of travel and transportation cost for persons selected for appointment to certain positions in the United States; to Government Operations Committee.
by Sen. McClellan (by request),
9. QUARTERS ALLOWANCES. S. 3486, to authorize Government agencies to provide quarters, household furniture and equipment, utilities, subsistence, and laundry service to civilian officers and employees of the United States; to Government Operations Committee. Remarks of author. pp. 8821-2
0. FEES AND CHARGES. S. 3492, by Sen. McClellan (by request), to amend section 109(g) of the Federal Property and Administrative Services Act of 1949; to establish fees for testing of articles and commodities tendered for sale to the Government; to Government Operations Committee. Remarks of author. pp. 8827-8
1. PROPERTY. S. 3493, by Sen. McClellan (by request), to amend the Federal Property and Administrative Services Act of 1949, as amended, so as to authorize the use of surplus personal property by State distribution agencies; to Government Operations Committee. Remarks of author. p. 8828
2. FORESTRY. H. R. 12082, by Rep. Bennett, Mich., to provide a different basis for determining the amount of money to be made available to the State of Michigan because of the location of national-forest lands within such State; to Agriculture Committee.
3. CONSERVATION. H. R. 12086, by Rep. Fulton, to authorize the establishment of a Youth Conservation Corps to provide healthful outdoor training and employment for young men and to advance the conservation, development, and management of national resources of timber, soil, and range, and of recreational areas; to Education and Labor Committee.
4. LANDS. H. R. 12091, by Rep. Metcalf, to further amend the act authorizing the conveyance of certain lands to Miles City, Mont., in order to extend for 1 year the authority under such act; to Interior and Insular Affairs Committee.
5. INVESTIGATIONS. H. Res. 522, by Rep. Lesinski, to authorize the Post Office and Civil Service Committee to conduct a special investigation and study with respect to the employment, utilization, and retention of older workers in the civilian service of the Federal Government; to Rules Committee.

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COMMITTEE HEARINGS ANNOUNCEMENTS:

May 6: Mutual security authorization bill, conferees (exec).
Poage farm program bill, Mexican farm labor bill, H. Agriculture (exec).
Amendments to U. S. compact with Puerto Rico, H. Interior.
Agricultural appropriation bill, H. Appropriations (full committee, exec).
May 10: Allott-Cooley bill to revise Farmers Home Administration laws, bill to authorize additional FHA loans in Hawaii, S. Agriculture (Hansen, FHA, to testify).

16. SHRIMP IMPORTS. Sen. Yarborough inserted resolutions urging congressional passage of pending bills establishing country-by-country quotas on shrimp imports. p. 8814
17. ATOMIC ENERGY. Passed over S. 3387, to authorize appropriations for the Atomic Energy Commission in accordance with Section 261 of the Atomic Energy Act of 1954. p. 8851
18. ECONOMIC POLICY. Sen. Javits made a report on his recent mission to address the Council of Europe at Strasbourg, and inserted his address. pp. 8831-40
19. SURPLUS COMMODITIES; FOREIGN AID. Sen. Young commended the recent agreement between the United States and India which provides for large amounts of food for India. p. 8840

ITEMS IN APPENDIX

20. ACCOUNTING. Extension of remarks of Rep. Barr stating his opposition to the Defense Department appropriation bill for 1961 on the grounds that the Defense Department Appropriations Committee has ignored a law passed by the 85th Congress to have budgets submitted on an accrual basis. p. A3862-3
21. REGULATORY AGENCIES. Rep. Ullman inserted an article, "A Case for Scuttling Regulatory Agencies," which contains a paragraph relating to the transfer of jurisdiction under the Packers and Stockyards Act to USDA. pp. A3870-2
22. NATIONAL PARKS. Extension of remarks of Rep. Westland and insertion of an article which "presents a number of convincing arguments why the present administration of the area (North Cascades Area, Wash.) by the Forest Service is in the best interest of the State of Washington and the Nation." pp. A3874-5
23. SOIL BANK. Extension of remarks of Rep. Mumma and insertion of a letter criticizing "handouts from the Federal Government." pp. A3880-1
24. FARM PROGRAM. Extension of remarks of Rep. Fisher and insertion of the results of a poll in which 72% of those polled opposed continuation of the soil bank program and 68% favored a reduction in agricultural price supports. pp. A3887-8
Rep. Boggs inserted an address made by the former president of the New Orleans Cotton Exchange criticizing the present farm program and pointing out "why this system has failed." pp. A3889-90
25. WATER POLLUTION. Rep. Brooks inserted an article dealing with the problem of salt pollution of the waters of the Red River. pp. A3890-1
26. RURAL ELECTRIFICATION. Extension of remarks of Rep. Johnson, Wisc., and insertion of an article commending the REA on the work they have done in the past 25 years. p. A3891
27. AREA REDEVELOPMENT. Extension of remarks of Rep. Wharton opposing the passage of S. 722, the depressed areas bill, and calling it a "vote seeking bill." p. A3857
Extension of remarks of Rep. Walter stating that the need for depressed area legislation exists and urging enactment of S. 722. pp. A3891-2



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Senate

The Senate met at 11 o'clock a. m., and was called to order by Senator MIKE MANSFIELD, of Montana.

Dr. Lawrence D. Folkemer, minister, Lutheran Church of the Reformation, Washington, D.C., offered the following prayer:

Almighty and merciful God, under whose divine governance come all the governments of men, grant that our Nation may faithfully reflect Thy will and authority. Be present this day with each of our Senators, that in all their actions and legislation they may be high in purpose, wise in counsel, and unwavering in the sense of duty. In the administration of their solemn charge, may they wholly serve Thy will, uphold the honor of our Nation, secure the protection of our people, and advance every righteous cause. Protect them from the subtleties of selfish interest, and grant them the satisfaction and joy of unselfish endeavor. If anything be done here this day contrary to Thy purpose, bring it to none effect; whatever is done pleasing in Thy sight, uphold with Thy almighty power. Through Jesus Christ, our Lord. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., May 5, 1960.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. MIKE MANSFIELD, a Senator from the State of Montana, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. MANSFIELD thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, May 4, 1960, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its

reading clerks, announced that the House had passed the bill (S. 722) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas, with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

S. 1328. An act for the relief of Parker E. Drago;
S. 1408. An act for the relief of Ronald R. Dagon and Richard J. Hensel;
S. 1410. An act for the relief of Jay R. Melville and Peter E. K. Shepherd;
S. 1466. An act for the relief of Sofie N. Sarris;

S. 2173. An act for the relief of Mrs. John Slingsby, Lena Slingsby, Alice V. Slingsby, and Harry Slingsby;

S. 2234. An act for the relief of the estate of Hilma Claxton;

S. 2309. An act for the relief of Gim Bong Wong;

S. 2333. An act for the relief of the heirs of Caroline Henkel, William Henkel (now deceased), and George Henkel (presently residing at Babb, Mont.), and for other purposes;

S. 2430. An act for the relief of certain employees of the General Services Administration; and

S. 2507. An act to relieve Joe Keller and H. E. Piper from 1958 wheat marketing penalties and loss of soil bank benefits.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour; and I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Internal Security Subcommittee of the Judiciary Committee, the Committee on Interior

and Insular Affairs, and the Committee on Post Office and Civil Service were authorized to meet during the session of the Senate today.

CORRECTION OF RECORD

Mr. FREAR. Mr. President, my attention has just been drawn to the record of the vote on page 8733 of the CONGRESSIONAL RECORD of yesterday. I am recorded as voting in favor of sending the resolution to the committee. My intention was to vote—and I thought I had so voted—on the resolution directly, and not to send it to committee.

Therefore, I ask unanimous consent that my vote may be shown in the permanent RECORD and in the Journal, if that is necessary, in the "nay" column instead of the "yea" column.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE AREA REDEVELOPMENT BILL AND MEDICAL CARE FOR THE ELDERLY

Mr. JOHNSON of Texas. Mr. President, the House action on the area redevelopment bill will be good news for those who are living in areas which have been bypassed by good times.

I think the House and the Senate will be able to work out their differences without too much trouble. The important thing is that we act. Solutions for this pressing problem have been too long delayed. This is the kind of action which should appeal to all Americans. It is not a dole; it is not charity; it is not relief. It is, instead, the kind of progressive, farsighted measure which helps people to help themselves.

The areas which are affected generally have resources and trained manpower. What we should be doing is investing some money into putting those men and those resources into productive work. Such action would strengthen the Nation both financially and morally.

The final measure must, and will, represent our collective judgment as to what is wise and prudent action.

I express the hope that the measure will become law, because I believe our people need it.

Mr. JAVITS. Mr. President, on this subject, will the Senator from Texas yield?

Mr. JOHNSON of Texas. I shall be glad to yield as soon as I finish my statement.

Mr. President, it is encouraging that at last the administration has submitted a program to help our elderly citizens with medical care. This is firm recognition of the fact that the need for such a program is now recognized by the leaders of both parties.

Of course the program will have to be worked out by Congress. At this time I would not comment in detail on the merits of the administration's program, because many factors which will require careful study are involved. But once a need is recognized, usually it is possible to find a solution; and a great deal of credit is owed to the Members of Congress of both Houses who have brought this situation to public view and have paved the way for action.

Mr. President, at this time I am glad to yield to the Senator from New York.

Mr. JAVITS. Mr. President, I was going to ask the majority leader, in regard to the so-called depressed areas bill—in which I have a great deal of interest, too, inasmuch as there are such areas in New York—whether, in view of the difficulty encountered in the other body with the Rules Committee, it is contemplated that in the Senate we will follow some other procedure, rather than simply seek a conference—for instance, perhaps concur in the House amendments, or in some other way proceed to avoid the roadblocks which developed in the other body.

Mr. JOHNSON of Texas. I was in the House on yesterday, and I observed that Members of both parties were trying to keep the bill from being passed, and other Members of both parties were trying to pass the bill. In the statement I made a moment ago I tried to cover that matter as best I could at this time, when I said I think the Senate and the House will be able to work out their differences. Just how they will be worked out, we shall have to spell out a little later.

I know the Senator from New York is much interested in this field. He is one of the more progressive and very able Members of this body, and I know he has made important contributions to bringing about progressive legislation in this field, as well as in the field of medical care.

I hope that before the Congress adjourns sine die, we shall have completed action on both of these measures, and that they will have become law.

Mr. President—

The ACTING PRESIDENT pro tempore. The Senator from Texas.

REPORT OF SHOOTING DOWN OF U.S. PLANE IN THE TURKISH REGION

Mr. JOHNSON of Texas. Mr. President, I wish to make a brief statement about an incident referred to in a statement issued by Premier Khrushchev.

I do not have too much knowledge about the U.S. plane which Khrushchev claims was shot down in the Turkish region. It has been reported that it was

a plane of the National Aeronautical and Space Administration. I have asked the Administration to give us full particulars.

I do know that for some time the National Aeronautical and Space Administration has been using high-flying aircraft—Lockheed U-2—for upper-air-weather studies in various portions of the world, in connection with its aeronautical responsibilities.

If I correctly informed, a National Aeronautical and Space Administration plane which now is missing was on a flight last Sunday. The flight started from the Adana region of Turkey, and apparently the plane was being used for the conducting of these high-altitude weather studies. The pilot reported oxygen trouble, and was heading back toward Adana, when he lost contact; and since then he has not been reported.

I note that Mr. Khrushchev's statement says the plane which was shot down was unmarked. If I am correctly informed, all National Aeronautical and Space Administration planes are clearly marked, and are on strictly peaceful missions. It may be that Khrushchev is simply using this incident in an attempt to apply leverage for the coming summit meetings.

Other than that, until I have full particulars, I have no more to add.

Mr. MANSFIELD. Mr. President, there are many questions about the plane incident which Khrushchev did not face. For example, we would hardly send a single-engine one-man reconnaissance plane over the border if our intention was to frighten the Russians, as he contends; nor would we paint out its markings. Furthermore, did the Russians who shot down the plane first order it to land, as any civilized people might be expected to do? Did it occur to Mr. Khrushchev that the plane might have been engaged in perfectly legitimate pursuits, and might inadvertently had gone off course and over the border? If the Russians are going to shoot first and complain later, then, indeed, the prospects for the coming summit meeting are grim. It is they who are being provocative, and it is they who are jeopardizing the prospects for peace.

While we are asking questions, however, we need to ask a few of our own administration. If, indeed, the plane was ours, what was it doing close to the Soviet border at a time like this? First reports indicate that the President had no knowledge of the plane incident. If that is the case, we have got to ask whether or not this administration has any real control over the Federal bureaucracy. Can any agency of this Government, without the knowledge of politically responsible officials, assume for itself the right to probe for scientific or whatever purposes along a dangerous border and, hence, endanger the policies of the President? If that is the case, we had better get an administration which is able and willing to maintain controls over the bureaucracy, if we intend to act as a responsible, free government in regard to the basic questions of war or peace which are clearly involved in incidents of this kind.

As for the political shifts and the economic changes which Khrushchev announced, first reports suggest, if anything, that transitions in the Soviet Union are becoming more routine and orderly, that Khrushchev's personal power is more stable than ever. We had better face the fact that the Soviet system is not just going to fade away, but, rather, that the Russians are probably improving the techniques for giving continuity to their institutions.

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT ON COMMODITY CREDIT CORPORATION SALES POLICIES, ACTIVITIES, AND DISPOSITIONS

A letter from the Assistant Secretary of Agriculture, transmitting, pursuant to law, a report of the General Sales Manager, concerning the policies, activities, and developments, including all sales and disposals, with regard to each commodity which the Commodity Credit Corporation owns or which it is directed to support, dated January 1960 (with an accompanying report); to the Committee on Agriculture and Forestry.

REPORT ON STRATEGIC AND CRITICAL MATERIALS STOCKPILING PROGRAM

A letter from the Director, Office of Civil and Defense Mobilization, Executive Office of the President, transmitting, pursuant to law, a report on the strategic and critical materials stockpiling program, for the period July 1 to December 31, 1959 (with an accompanying report); to the Committee on Armed Services.

PUBLICATION OF NOTICE OF PROPOSED DISPOSITION OF CERTAIN KYANITE-MULLITE

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a copy of a notice to be published in the Federal Register of a proposed disposition of approximately 7,326 short dry tons of kyanite-mullite now held in the national stockpile (with an accompanying paper); to the Committee on Armed Services.

SANITARY SEWER TO CONNECT THE DULLES INTERNATIONAL AIRPORT WITH DISTRICT OF COLUMBIA SYSTEM

A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting a draft of proposed legislation to authorize the Commissioners of the District of Columbia to plan, construct, operate, and maintain a sanitary sewer to connect the Dulles International Airport with the District of Columbia system (with an accompanying paper); to the Committee on the District of Columbia.

CERTIFICATION OF ADEQUATE SOIL SURVEY AND LAND CLASSIFICATION, HELENA VALLEY UNIT, MISSOURI RIVER BASIN PROJECT, MONTANA

A letter from the Assistant Secretary of the Interior, reporting, pursuant to law, that an adequate soil survey and land classification has been made of the lands in the Helena Valley Unit, Helena-Great Falls Division, Missouri River Basin project, Montana, and that the lands to be irrigated are susceptible to the production of agricultural crops by means of irrigation (with an accompanying paper); to the Committee on Interior and Insular Affairs.

WARTIME RELATIONSHIPS BETWEEN FEDERAL AVIATION AGENCY AND DEPARTMENT OF DEFENSE

A letter from the Acting Administrator, Federal Aviation Agency, Washington, D.C.,

Mr. LAUSCHE. I observe from the report that there are 315,000 retired couples whose annuities average \$175 a month, and that there are about 100,000 widows whose annuities average \$55 a month, who would qualify for enrollment.

Mr. YARBOROUGH. They would be eligible if they subscribed.

Mr. LAUSCHE. The Senator from Texas has stated that this plan would entail a cost of about \$18 million a year.

Mr. YARBOROUGH. From \$15 million to \$20 million is the estimate that we have obtained.

Mr. LAUSCHE. As I understand, each year the amount will become lower, because the number of participants will grow smaller.

Mr. YARBOROUGH. Yes.

Mr. LAUSCHE. It will cost \$18 million a year the first year.

Mr. YARBOROUGH. I do not say it will be \$18 million. The estimate is between \$15 million and \$20 million. It will be in that range.

Mr. LAUSCHE. Is my understanding correct that whatever the cost is, the cost will be borne equally by the Government and the retired employees?

Mr. YARBOROUGH. It figures out substantially that way. I believe the figures show that the Government employee will pay 55 percent and the Government 45 percent. It will not be exactly equal. The theory of the law is equal, but when the annuity tables were drawn up, it did not figure out that way. The employees will have to pay 55 percent.

Mr. LAUSCHE. I thank the Senator from Texas.

Mr. YARBOROUGH. I believe that completes the explanation.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute for the bill.

The amendment in the nature of a substitute was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. YARBOROUGH. Mr. President, I desire to thank the distinguished majority leader for the diligence he has shown in having the bill called up. These retired employees and their widows have felt "let down" because they were not included in the bill last year, but the committee was advised at that time that it was actuarially unsound to attempt to include them in the bill with the employees who are covered under the Federal Employees Health Act of 1959.

I think this is a very beneficial bill and will help the majority of Federal employees who are about to retire and who have previously retired. They will know that they will be covered.

Mr. JOHNSON of Texas. I appreciate the compliment of my colleague. I think the beneficiaries of the legislation will

appreciate the diligence and assistance he has shown in connection with it.

Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. YARBOROUGH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PRINT WITH ILLUSTRATIONS COMMITTEE PRINT ENTITLED "RELATIVE WATER AND POWER RESOURCE DEVELOPMENT IN THE U.S.S.R. AND U.S.A."

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1120, Senate Resolution 259.

The PRESIDING OFFICER. The resolution will be stated by title.

The LEGISLATIVE CLERK. A resolution (S. Res. 259) to print with illustrations a committee print entitled "Relative Water and Power Resource Development in the U.S.S.R. and U.S.A."

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. JOHNSON of Texas. Mr. President, an excellent study of the relative water and power resource development in the U.S.S.R. and the United States was made last fall by members of the Committee on Interior and Insular Affairs. The Senator from Utah [Mr. Moss] is the author of the resolution which has been reported unanimously, and which provides for the printing of additional copies of this very important study. So far as I am aware, there is no objection to the printing of this report.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 259) was agreed to, as follows:

Resolved, That the committee print entitled "Relative Water and Power Resource Development in the U.S.S.R. and the U.S.A.," consisting of a joint subcommittee report and staff studies of the Committee on Interior and Insular Affairs and the Committee on Public Works, be printed with illustrations as a Senate document.

SEC. 2. There shall be printed for the use of the Committee on Interior and Insular Affairs three thousand seven hundred additional copies of such Senate document.

PRINTING WITH ILLUSTRATIONS COMMITTEE PRINT ENTITLED "RELATIVE WATER AND POWER RESOURCE DEVELOPMENT IN THE U.S.S.R. AND U.S.A."

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1128, Senate Resolution 260.

The PRESIDING OFFICER. The resolution will be stated by title.

The LEGISLATIVE CLERK. A resolution (S. Res. 260) to print with illustrations a committee print entitled "Relative Water and Power Resource Development in the U.S.S.R. and U.S.A."

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the resolution which had been reported from the Committee on Rules and Administration, with an amendment, to strike out all after the word "Resolved," and insert "That there be printed for the use of the Committee on Public Works three thousand seven hundred additional copies of the Senate document entitled 'Relative Water and Power Resource Development in the U.S.S.R. and the U.S.A.'"

Mr. ELLENDER. Mr. President, what is the difference between Senate Resolution 259 and Senate Resolution 260? The language is the same in both resolutions, is it not? It appears to me that it is the same report which is sought to be printed.

Mr. JOHNSON of Texas. Senate Resolution 259 relates to the printing of the report for the benefit of the Committee on Interior and Insular Affairs; Senate Resolution 260 calls for its printing for the Committee on Public Works.

Mr. ELLENDER. It is the same report, though, is it not?

Mr. JOHNSON of Texas. It is the same report, but one committee desires some copies, and the other committee wants some copies. The Committee on Public Works desires copies because the report reflects the hydroelectric development in the U.S.S.R.

Mr. ELLENDER. But the report would be the same; would it not?

Mr. JOHNSON of Texas. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to. The resolution, as amended, was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which Senate Resolution 259 and Senate Resolution 260 were agreed to.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AREA REDEVELOPMENT

Mr. JOHNSON of Texas. Mr. President, S. 722 is the bill to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas. It is popularly known as the area redevelopment bill. It passed this body last year.

The House yesterday struck out the language of the Senate bill and added an amendment in the nature of a substitute. This is a matter of general interest to all Members of this body. I do not wish to call up the bill without advance notice to all Senators. On the other hand, it is a very important bill, and we shall want to consider it and discuss it as soon as possible.

I do not think it should be called up this afternoon, but it may be called up later in the day. Perhaps I shall ask that the Senate convene early tomorrow

and try to consider the bill tomorrow or on Saturday, or perhaps on Monday. I shall discuss the matter with the minority leadership as well as with majority Members who are vitally interested in the matter. However, I desire all Senators to know that the House bill is at the desk and can be called before the Senate at any time. Either it can be sent to conference, or a motion can be made to concur in the House amendment. I am not certain what procedure will be followed, but I desire the Record to show that the measure is here, and that we expect to have it discussed and acted upon at an early date.

Mr. ELLENDER. Is the Senator informed as to the difference between the two bills? Is there a sufficient difference, so that the committee would have to reconsider the bill?

Mr. JOHNSON of Texas. I have talked with members of the committee who are very much interested in the bill. I am informed that the House made a substantial reduction in the amount contained in the bill as passed by the Senate. I believe the Senate bill provided for \$380-odd million, while the House bill provides for \$250 million.

The Senator from Pennsylvania is familiar with the House bill. I believe the House substantially reduced the amount which was provided in the bill passed by the Senate last year.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. CLARK. The principal difference is that the original Senate bill provided \$389 million, which would be a direct loan from the Treasury. The House bill provides \$251 million, and requires an appropriation. There are other differences, which are more or less minor in extent, but these are the two principal differences.

Mr. JOHNSON of Texas. The amount of \$389 million was passed by the Senate?

Mr. CLARK. Yes.

Mr. JOHNSON of Texas. That was a loan program. The House bill provides \$251 million?

Mr. CLARK. The House bill provides, \$251 million, and calls for an appropriation.

Mr. JOHNSON of Texas. The House bill, then, is an authorization for \$251 million?

Mr. CLARK. That is correct.

Mr. ELLENDER. Will that be in the form of grants?

Mr. CLARK. No; it will be almost entirely in the form of loans. There is a small sum of \$75 million for grants, which is provided in the House bill, for the people who are able to persuade the administrator that they are unable to do the financing by themselves.

Mr. ELLENDER. Are the other provisions the same?

Mr. CLARK. They are substantially the same. The differences are minor and technical.

Mr. ELLENDER. Did I correctly understand the Senator from Texas to say that the bill will not be called up this afternoon?

Mr. JOHNSON of Texas. No; I did not say that, although I do not expect

that it will be called up. However, I do not want to be foreclosed from doing so. I shall suggest the absence of a quorum before doing so. I want to talk with the minority leader about it, but he is not in the Chamber now. But I made no such statement, and I do not wish to.

Mr. President, I wonder whether the Senator from Pennsylvania will state the number of the bill reported from the Committee on Post Office and Civil Service, inasmuch as the Senator from Ohio is in the Chamber.

Mr. CLARK. It is Calendar No. 1323, House bill 8241, to amend certain provisions of the Civil Service Retirement Act relating to the reemployment of former Members of Congress.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1323, House bill 8241; and I invite the attention of the Senator from Delaware and the Senator from Ohio to this measure.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The bill will be stated by title, for the information of the Senate.

The CHIEF CLERK. A bill (H.R. 8241) to amend certain provisions of the Civil Service Retirement Act relating to the reemployment of former Members of Congress.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 8241), which had been reported from the Committee on Post Office and Civil Service, with amendments.

The PRESIDING OFFICER. The first committee amendment will be stated.

The first amendment reported by the Committee on Post Office and Civil Service was, on page 1, at the beginning of line 3, to strike out:

That (a) section 9(c) of the Civil Service Retirement Act (5 U.S.C. 2259(c)) is amended—

(1) by striking out "The annuity of a Member retiring under this Act" and inserting in lieu thereof "The annuity of a Member, or of a former Member with title to Member annuity, retired under this Act"; and

(2) by inserting, in paragraphs (2), (3), (4), and (5) thereof, or performed in a position in which he is subject to this Act after his separation from service as a Member," immediately following "prior to his separation from service as a Member,"

And, in lieu thereof, to insert:

That (a) subsection (1) of section 1 of the Civil Service Retirement Act is amended by striking out the words "in the case of an employee separated or transferred to a position not within the purview of this Act before he has completed five years of civilian service or a Member separated before he has completed five years of Member service" and inserting in lieu thereof "in the case of an employee or Member separated or transferred to a position not within the purview of this Act before he has completed five years of civilian service".

(b) Subsection (f) of section 6 of such Act is amended by striking out the words "Member service" where they first appear in such subsection and inserting in lieu thereof the words "civilian service".

(c) Subsection (b) of section 8 of such Act is amended by striking out the words "Member service" in the first sentence and inserting in lieu thereof the words "civilian service".

(d) (1) So much of subsection (b) of section 9 of such Act as precedes the first proviso is amended to read as follows:

"(b) The annuity of a congressional employee retiring under this Act shall be computed as provided in subsection (a), except that with respect to so much of his service as a congressional employee and his military service as does not exceed a total of fifteen years, and with respect to any Member service, the annuity shall be computed by multiplying 2½ per centum of the average salary by the years of such service."

(2) Clause (1) of the second sentence of such subsection is amended by inserting after the words "congressional employee" the words "or Member, or any combination of such service".

(c) The first sentence of section 9(c) is amended to read as follows:

"(c) The annuity of a Member, or of a former Member with title to Member annuity, retiring under this Act shall be computed as provided in subsection (a), except that if he has had at least five years' service as a Member or a congressional employee, or any combination of such service the annuity shall be computed, with respect to (1) his service as a Member and so much of his military service as is creditable for the purposes of this clause, and (2) so much of his congressional employee service as does not exceed fifteen years, by multiplying 2½ per centum of the average salary by the years of such service."

The PRESIDING OFFICER. The question is on agreeing to this committee amendment.

The amendment was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, may we have an explanation of the bill?

Mr. CLARK. Mr. President, this House bill deals with the reemployment of former Members of Congress.

The bill as passed by the House has been amended by the Committee on Post Office and Civil Service by striking out certain provisions and inserting new text.

The purpose of the bill is to remove a number of inconsistencies and to correct certain inequities in the operation of the Civil Service Retirement Act.

Mr. President, this measure is a very technical one, but I shall do my best to explain it as simply as possible.

Under present law, 5 years of service as a Member of Congress are required in order for a former Member of Congress to obtain initial coverage under the Retirement Act or to regain coverage previously acquired by him by virtue of earlier service as an employee, in a position subject to the act. In other words, this bill deals with the problem which confronts a Member of Congress who previously served the Government in an administrative position, either on Capitol Hill or in the departments downtown or out in the field. The purpose of the bill is to try to make more equitable the retirement rights of such persons who have come under the retirement plan, either in the first instance as an employee, or as a Member of Congress, and then their status has changed, and their retirement

The Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Massachusetts [Mr. SALTONSTALL] are detained on official business.

The result was announced—yeas 31, nays 23, as follows:

[No. 193]
YEAS—31

Aiken	Hart	Martin
Bartlett	Hartke	Monroney
Cannon	Hickenlooper	Moss
Carroll	Holland	Muskie
Case, S. Dak.	Jackson	Pastore
Church	Javits	Prouty
Clark	Johnston, S.C.	Scott
Dodd	Lausche	Williams, Del.
Dworshak	Long, Hawaii	Young, Ohio
Engle	Lusk	
Gruening	McCarthy	

NAYS—23

Allott	Ellender	McClellan
Beall	Ervin	Morton
Bennett	Frear	Smith
Bible	Gore	Stennis
Byrd, W. Va.	Green	Thurmond
Case, N.J.	Johnson, Tex.	Williams, N.J.
Cotton	Kuchel	Yarborough
Douglas	Long, La.	

NOT VOTING—46

Anderson	Hayden	Murray
Bridges	Hennings	O'Mahoney
Brunsdale	Hill	Proxmire
Bush	Hruska	Randolph
Butler	Humphrey	Robertson
Byrd, Va.	Jordan	Russell
Capehart	Keating	Saltonstall
Carlson	Kefauver	Schoeppel
Chavez	Kennedy	Smathers
Cooper	Kerr	Sparkman
Curtis	McGee	Symington
Dirksen	McNamara	Talmadge
Eastland	Magnuson	Wiley
Fong	Mansfield	Young, N. Dak.
Fulbright	Morse	
Goldwater	Mundt	

So Mr. HARTKE's amendment to the committee amendment was agreed to.

Mr. AIKEN. Mr. President, I move to reconsider the vote by which the amendment to the committee amendment was agreed to.

Mr. JOHNSON of Texas. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

Mr. HARTKE. Mr. President, I send to the desk an amendment to the committee amendment, and ask the clerk to read it for the information of the Senate.

The PRESIDING OFFICER. The amendment of the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. It is proposed on page 2, lines 4 and 5, to strike out "June 30, 1963" and insert in lieu thereof "March 31, 1961."

Mr. HARTKE. Mr. President, I do not intend to ask for the yeas and nays on this amendment, I may say for the information of the Senate.

What this amendment will do is suspend the duties on the importation of casein, as now provided in the bill, for 1 year from last March 31.

I offer the amendment for two reasons:

First, so the Congress will have the opportunity of reviewing this matter again next year. Soybean research continues, and the soybean industry feels

that it will have an almost complete substitute for industrial casein within the next 3 years. I, therefore, feel that in fairness to this great industry, Congress should permit it to come before us again next year, tell us the progress they are making, and then let us decide whether the suspension should continue, based on this report and testimony from the other industries affected.

Second, I propose this amendment, Mr. President, for a reason I stated earlier. The committee was told by the large users of casein that they are using as much casein as they possibly can at the present time, and that they would like to have a domestic product which they could depend on.

However, threats of economic reprisals have been made by these users against manufacturers of isolated soya protein because of their opposition to a suspension of the duty on casein. I think Congress should review this matter again next year and determine whether or not the casein users made their statements about the use of isolated soya protein in good faith.

I believe this is a good amendment and that in fairness to the industry affected, it should be approved.

Mr. BENNETT. Mr. President, I hope the Senate will support the position of the committee. It is pretty obvious to me that if we keep extending these exemptions for 3- and 9-month periods, we shall be buried in casein and soybean matters.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. AIKEN. Will the suspension of the tariff expire about the time that the Reciprocal Trade Agreements Act expires, when we shall be considering the whole matter of imports?

Mr. BENNETT. That act will expire in 1962. This act will in 1963.

Mr. AIKEN. I would have no objection to letting it run for the concurrent period with the Reciprocal Trade Agreements Act.

Mr. BENNETT. It seems to me that, since the committee amendment has been amended with regard to edible casein, we might as well allow the inedible process to be handled in that way.

Mr. AIKEN. Frankly, I do not want to be faced with the question of the inedible process next year.

Mr. BENNETT. Neither do I.

Mr. JAVITS. Mr. President, I voted for the previous amendment based on the developments set forth by the Senator from Indiana, which made it administratively possible to provide edible casein from inedible casein, and the provision for admission, duty free of inedible casein.

I agree with the Senator from Utah that if we are going to do this effectively, we should allow enough time for the matter to be developed. I think a 3-year extension is fair.

I hope the Senate will defeat the amendment.

Mr. BENNETT. Mr. President, I may point out that the Treasury probably will not have completely workable regulations in effect for 9 months.

I hope the Senate will agree with the committee and reject the amendment.

Mr. CARROLL. Mr. President, I, too, voted for the amendment and agreed with the Senator from Indiana. I think we should go along and wait a while. I think the amendment offered by the Senator from Indiana at this time is premature, and we ought to wait a little more.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment offered by the Senator from Indiana.

The amendment to the amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the amendment to the amendment was rejected.

Mr. KUCHEL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question now is, Shall the bill pass?

The bill (H.R. 9862) was passed.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. KUCHEL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The title was amended, so as to read: "An act to continue for two years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing, and to extend the suspension of duty on imports of casein."

THE AREA REDEVELOPMENT ACT—AMENDMENT OF THE HOUSE

Mr. JOHNSON of Texas. Mr. President, I ask that the Chair lay before the Senate the House amendment to Senate bill 722. I do not care to have action on it at this time. I merely ask the Chair to lay the amendment before the Senate.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 722) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate concur in the House amendment.

Mr. President, we will meet at 9:30 tomorrow morning. Following the

prayer we will have not to exceed 1 hour on each side.

The PRESIDING OFFICER. The Chair is advised that an agreement to that effect has been entered.

Mr. JOHNSON of Texas. I am simply making the statement for the information of all Members of the Senate.

The PRESIDING OFFICER. Is there further business?

Mr. JOHNSON of Texas. The time will be controlled by the majority leader and the minority leader, but I will yield my time to the Senator from Illinois [Mr. DOUGLAS], who has been very active in this program and who is responsible for its being brought up.

Mr. DOUGLAS. I thank the Senator.

Mr. HICKENLOOPER. Mr. President, will the majority leader yield for a question?

Mr. JOHNSON of Texas. I yield.

Mr. HICKENLOOPER. The question is on agreeing to the Senator's motion to concur in the House amendment, which I understand will be considered in the morning and will not be acted upon tonight.

Mr. JOHNSON of Texas. That is correct.

Mr. President, I yield the floor.

THE POLISH CONSTITUTION

Mr. DOUGLAS. Mr. President, unfortunately I was not present earlier in the week when various Members of the Senate paid deserved tribute to the Polish Constitution of 1791, and to the subsequent record of the Polish people. I heartily join in the sentiments which were then expressed.

As an indication of my interest, I ask unanimous consent to have printed in the body of the RECORD an address which I delivered to the alumni of Weber High School on April 23 of this year, entitled "We Should Not Abandon the Subject People Behind the Iron Curtain."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

WE SHOULD NOT ABANDON THE SUBJECT PEOPLE BEHIND THE IRON CURTAIN

(Speech by Senator PAUL H. DOUGLAS, Democrat, of Illinois, before alumni dinner of Weber High School, Hotel Sherman, Saturday evening, April 23, 1960)

Reverend fathers, ladies and gentlemen, friends and fellow Americans, it is both a pleasure and an honor to be with you tonight and to have the opportunity of speaking to you about matters of great moment, not only to you but to all Americans.

Under the Resurrectionist Fathers, Weber High School has done and is doing a splendid job. Named after the noble Bishop Weber, it has started upon the road to learning hundreds of clergymen—including Bishop Bona, of Green Bay—innumerable professional and businessmen, numerous fine judges and political figures, as well as the mighty "Moose" Skowron of the New York Yankees (may he be transferred either to our White Sox or the Cubs so that we may welcome him back in a Chicago uniform), and a host of fine citizens who help to form the backbone of America.

But perhaps best of all, the high school has served as a bridge between the cultures of Poland and of the Polish-American commu-

nity on the one hand and of America upon the other. Both groups have been the gainers from this interchange. The Anglo-Saxon world has profited from closer contact with Polish culture and has come to appreciate more fully the heroism of Pulaski and Kosciuszko, the musical genius of Chopin and Paderewski, and the scientific attainments of Madame Curie. At the same time, the solid achievements of the Polish-American community in work, in the arts, and in public life are increasingly winning the admiration of all.

At the same time, the school—by its training and its precepts—has made it easier for members of the Polish-American community to appreciate the basic friendliness and achievements of the so-called American community. America is indeed not monolithic, as some mistaken persons would have it, but is in a sense a cultural pluralism. Following the analogy of the Poet Heine, it is like a mighty orchestra which from the strains of many different instruments fuses them into a noble harmony. And the theme for that harmony was laid down for us at the founding of our Republic in the Declaration of Independence and reaffirmed throughout our history; namely, that all men are equal in the sight of their Creator and hence entitled to a fair chance in life; that they have an unalienable right not only to life and liberty but also to "the pursuit of happiness"; and that government exists to secure these rights, not to a few but to all.

The history of the United States is in part a record of successive efforts to approximate this ideal ever more closely. And it is about some of the implications of this purpose in the field of foreign relations and our policy as regards the subject peoples of central and eastern Europe that I want to speak to you for a little while tonight.

In 3 short weeks, the leaders of the great democracies of the West will meet at the summit with Mr. Khrushchev. Following that conference, the President of the United States will pay a return visit to the Russian dictator in exchange for the visit which Khrushchev paid this country last fall upon the invitation of President Eisenhower. In the conversations exchanged and the agreements arrived at, matters vital to both the peace and freedom of Europe, the United States, and indeed of the whole world, will be discussed and possibly decided.

It is important, however, that these issues should also be discussed by the peoples of the world as well as by heads of government before these conferences take place. For only by this process can the voice of the people be heard in the soundproof chambers of the mighty. Only in this way can the reasoned mandate of those who do the work and experience the sufferings of the world penetrate to the icy heights where diplomats and rulers dwell.

The central question is, of course, what the West should do in response to the open demands and hidden aims of the Russian Communists. Should we weaken the protection now given to the free city of West Berlin? Should we recognize the status quo in central and eastern Europe and, as so many urge, give up questioning Russian domination over the people behind the Iron Curtain? Should nuclear tests be suspended and disarmament begun? If so, under what terms and subject to what provisions for inspection?

These are weighty issues and I shall propose to discuss only two of them, namely, Berlin and our policy toward the nations and people behind the Iron Curtain.

First, let me say that to permit the Communists in East Germany to close their grasp, either slowly or rapidly, upon the free city of West Berlin would be even more fatal to freedom than was the surrender of Chamberlain and Daladier to Hitler at Munich. For it would cause supporters of

democracy everywhere to lose heart; it would lead, in all probability, to the breakup of the Western alliance and to a wholesale movement into the Communist camp of tens of millions of people. If Berlin goes, then all of Germany is likely to go—and NATO will in all likelihood collapse.

It is, therefore, essential that we stand fast on Berlin and resist either frontal or subtle moves which would enable the Communists either to gain military predominance inside the city or to choke off supplies through the so-called corridor and hence starve the free people of that city into subjection.

Let us, therefore, insist that this be the unflinching attitude of the American Government and, if this should be adopted with determination, let us support that policy without regard to our political affiliations or national and racial origins. For if communism triumphs there, it will triumph elsewhere and will be strengthened everywhere.

But equally as important in the long run is the fate of the captive peoples of central and eastern Europe. The Russian drive westward against Hitler in 1944 and 1945 put their armies in military possession of Poland. Roosevelt got Stalin's verbal agreement at Yalta to let the Polish people decide their own destiny by free and democratic elections conducted by a broadly representative provisional government. But this agreement was broken by the Communists and furnished one more in the long and dreary record of Communist betrayals. Ever since, Poland has been essentially under Russian rule, although a degree of nationalistic independence was obtained by the 1956 uprising. But whatever Mr. Gomulka's private sentiments may be, he does not dare to challenge the Russian steamroller, and the Russian hold upon the government has been steadily tightened.

What is true of Poland is true also of the Baltic countries—Lithuania, Latvia, and Estonia. It is even more true of Czechoslovakia, where the Communist domination is even tighter than in Poland. It is terribly true of Hungary, Bulgaria, and Rumania.

What shall be the fate of these people? In the campaign of 1952, Mr. John Foster Dulles attacked the doctrine of mere "containment" as cowardly, and demanded that we should pursue a policy of liberation. This demand was echoed by the Luce publications and by political leaders in the party which won the election. The methods of achieving liberation, however, were not stated and when revolts broke out all over central and eastern Europe in 1952, the new administration found that it did not have the plans, the means, or the will to make good the pledges of the year before. A cruel hoax had therefore been practiced upon the tens of thousands of heroic men who, trusting in these campaign speeches, lost their lives or their freedom in a vain effort to be free. As the years passed, the talk of liberation faded more and more into the background. The subject was muted at the Geneva summit conference of 1955, and the revaluations of the following year found us to be as unready to help the rebels as we had been 3 years earlier in 1952.

Now, as the President once again approaches the summit, powerful voices are suggesting and even demanding that we drop the whole subject of liberation and accept the status quo as final. East of the Iron Curtain, it is said, Russia should be recognized by the West as dominant in fact and in law, both now and for the predictable future.

It is well known that this position is being strongly pushed by the Tory Prime Minister of Great Britain, Mr. Macmillan, and, while it is being opposed by Chancellor Adenauer and General de Gaulle, their opposition to the yielding tactics of Mac-

the retail board of the Honolulu Chamber of Commerce.

The story of Mrs. Wakai and her efforts to provide her seven children with the necessary tools for their development into responsible citizenship is exemplary and a tribute to motherhood. Her selection portrays vividly the silent self-sacrificing role of mothers everywhere. To them we dedicate Mothers Day, to say in our own little way, "we have not forgotten."

I wish to take this opportunity to congratulate Mrs. Riu Wakai and in doing so, to congratulate all mothers for being the wonderful women they are.

The article follows:

MOTHER OF YEAR HAS SEVEN WINNERS

A widow who labored long and cheerfully to launch her seven children on worthy careers is Honolulu's "Mother of the Year."

She is Mrs. Riu Wakai, of 2826 E. Manoa Road.

Mother is but one of the titles 69-year-old Mrs. Wakai can claim.

She has also been a missionary and teacher to generations of youngsters on Oahu and Kauai.

And she continues to be as active as many women half her age.

Mrs. Wakai's selection as Mother of the Year was made by the retail board of the Honolulu Chamber of Commerce which will honor her at a luncheon at the Willows Restaurant on Wednesday.

Wednesday happens to be Mrs. Wakai's 70th birthday.

In addition, she will receive a free vacation trip to a neighbor island.

Mrs. Wakai was nominated by a friend, Mrs. May Horio, who wrote a letter about her candidate to Advertiser columnist Bob Krauss, who in turn submitted the letter to the retail board.

Here is what Mrs. Horio had to say:

"I know Mama Wakai best through her children whom she has reared despite many hardships and obstacles. Mrs. Wakai, is the widow of the Rev. Henry Gengo Wakai, founder of the Kapas Congregational Church, Kapaa, Kauai.

"The Reverend and Mrs. Wakai came to Hawaii almost 40 years ago from Japan and immediately started their church work on Kauai.

"In 1936, Mrs. Wakai was widowed with seven young children. In order to support them she went to work as a Japanese language schoolteacher.

Soon afterward the family moved to Honolulu and settled in a home on the grounds of the Makiki Christian Church. Mrs. Kakai continued to teach.

Mrs. Horio notes that "the success of a mother can be measured by how well she has helped mold the character of her children so that they, in turn, will become responsible, mature citizens in a community."

The seven children and what they are doing now:

The Reverend Masayoshi Wakai, chaplain at Kulani Prison Camp, Maui.

Mary Wakai, secretary with the municipal government in Chicago.

Dr. Warren Wakai, Honolulu dentist.

Theodore Wakai, chemical engineer and research scientist with the Federal Government at Oxnard, Calif.

Dr. Coolidge Wakai, Honolulu physician. Calvin Wakai, operational supervisor for the Bank of Hawaii at Barber's Point.

Herbert Wakai, attending the Farleigh-Dickenson Dental College at Teaneck, N.J.

Mrs. Wakai named her younger children after U.S. presidents on the theory that it would be an incentive to them to be good citizens.

But that is only part of the story, son Warren said.

"She sacrificed a lot of things, she put our welfare first. Because of her and dad we were able to have all these education opportunities," he said.

The children helped themselves, too.

Many were scholarship winners. All have attended at least one college or university and some of them as many as three or four.

Tribute to Colonel Olmstead, Engineer in Charge of U.S. Construction on St. Lawrence Seaway

EXTENSION OF REMARKS

OF

HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Thursday, May 5, 1960

Mr. WILEY. Mr. President, the completion of the St. Lawrence Seaway in 1959 marked one of the great steps of progress—economically as well as engineering and construction—in American history.

Now that the job is done, the Nation—and particularly the Great Lakes—must look forward to resolving the additional problems relating to promoting greater trade and commerce through the seaway, as well as the reaping of benefits of this economic lifeline between our country and the world.

The translation of the idea of a deep sea waterway into the heartland of America was, as we all recognize, the outgrowth of the vision, effort, skill and foresight of many great men. The country, I believe, owes a debt of thanks to all—from President Eisenhower who backed the project to the pick-and-shovel man—who helped to tame and harness the mighty waters of the St. Lawrence into a trafficable road of commerce.

Regrettably, it is no possible to pay adequate tribute to each and every one of these individuals who transformed the dream of a deep sea passageway to other countries of the world into a reality.

As time and opportunity permit—and in accordance with our traditions—I believe, however, we must make an effort to pay tribute where tribute is due. Today, I want to call attention to the work of one individual whose competence, courage, and great engineering ability are indelibly imprinted on the St. Lawrence Seaway—that is Col. Loren W. Olmstead. Colonel Olmstead was in charge of the engineering and construction work of the U.S. part of the seaway.

Recently, I was privileged to be joined by my colleagues, Senator Javits and Senator Keating, of New York, in paying tribute to Colonel Olmstead, respectfully recommending to the President recognition of his outstanding work. At this time, I ask unanimous consent to have a copy of a joint letter—urging appropriate recognition of Colonel Olmstead's work—sent to President Eisenhower, printed in the Appendix of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
May 3, 1960.

HON. DWIGHT D. EISENHOWER,
President of the United States,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: In accordance with longstanding American tradition of giving recognition and tribute to worthy individuals for a job well done, we wish to pay tribute to Col. Loren W. Olmstead, Deputy Chief of Engineers, Corps of Engineers, U.S. Army.

Colonel Olmstead's outstanding military career includes distinguished service on many flood control projects as well as the development of Buffalo Harbor and extensive improvements to Niagara Falls. His competence and technical ability were evidenced to the fullest when he served as district engineer at Buffalo, N.Y., in charge of the U.S. construction on the St. Lawrence Seaway. Due in large part to Colonel Olmstead's skill and untiring efforts, this magnificent undertaking resulted in a modernized seaway and is today contributing immeasurably to America's defense and commercial and industrial development.

In light of his long, productive career in the service of his country, we respectfully urge consideration of Colonel Olmstead for such recognition, including advancement in rank, which, in your judgment, is warranted. With high esteem and all good wishes.

Very sincerely yours,

ALEXANDER WILEY,
U.S. Senator.

JACOB K. JAVITS,
U.S. Senator.

KENNETH B. KEATING,
U.S. Senator.

Area Redevelopment Administration

SPEECH

OF

HON. J. ERNEST WHARTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 4, 1960

The House in Committee of the Whole House on the State of the Union had under consideration the bill (S. 722) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

Mr. WHARTON. Mr. Chairman, during the 5 hours of parliamentary maneuvers, we on the floor have had ample time to review S. 722, a bill to create a new Government agency to be known as the Area Development Administration. It is a brandnew spending program which seems to create no new industry, and therefore may pirate existing industry from one location to another. I note that the measure is strongly supported by the depressed areas, such as the coal-mining areas of West Virginia and Pennsylvania, and in New York by the glove industry, all of whom have had a taste of foreign competition and labor trouble.

It has already been said here on the floor that it is a bill to bail out union leadership where bad labor conditions have driven industry away from the locality. We have also heard it character-

ized as the "little WPA" and a "foot-in-the-door measure." The principal argument in its favor seems to be that we are spending too much on foreign aid and so can afford an expenditure of this kind at home—but that questionable argument is used on every spending proposal. The truth of the reflection on union leadership, of course, would bear a great deal of local investigation.

What I strongly suspect, however, is that this bill should be entitled a "vote-seeking bill" instead of a depressed area measure, and I should like to call attention to the following facts as disclosed in the bill and the accompanying committee report:

First, a \$20,000-per-annum Administrator, with a large unspecified and unlimited office force, would organize a brandnew bureau which would probably be known, and significantly so, as the ADA—for Area Development Administration. With such an imposing organization, he would set out to "lend lease" \$75 million in industrially depressed areas, and we all know that amount would be spread pretty thin over the entire country where unemployment exceeds 6 percent.

Next, he would tackle another \$75-million fund for "lend lease" to so-called depressed rural areas, and right here I would like to compliment the committee in charge for a most comprehensive report. Further examination discloses that it would affect but 19 of the 50 States, and some 500 counties in those States, not one of which is located in New York State. There are 36 counties listed in rich and powerful Texas, and votes from those areas, I presume, will be relied upon to bolster a majority vote here in the House.

It is my prediction that neither my own State nor any other will be appreciably benefited by this bill. The taxpayers will be saddled with another bureaucracy, and some attempt might well be expected to pirate existing industry from progressive communities to politically favored areas.

I think this is a weak and politically inspired measure, and one that ought to be defeated here in the House without waiting for a Presidential veto.

Unions Protest Against U.A.R. Blacklisting American Ships

EXTENSION OF REMARKS

OF

HON. WILLIAM PROXMIRE

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Thursday, May 5, 1960

Mr. PROXMIRE. Mr. President, the recent protest by members of the International Longshoremen's Union against United Arab Republic blacklisting of American ships which put in at Israeli ports has aroused considerable comment. Protesting also against mistreatment of American seamen in U.A.R. ports, the members of the union have re-

fused to unload an Egyptian freighter docked in New York, and are picketing the vessel. This is a courageous and timely demonstration against the notorious "boycott of Israel," the systematic blacklisting of ships, manufacturers, merchants, even film actors, who have any dealing with Israel.

Unfortunately the protest against this unjustifiable Arab policy has been misunderstood in some quarters. I have received a copy of a letter from Mr. Seymour W. Miller, general counsel to the Seafarers International Union, addressed to the editor of the New York Times, which states clearly the reasons for this significant action. I ask unanimous consent that Mr. Miller's letter be printed in the Appendix of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

LAW OFFICES,
MILLER & SEEGER,
New York, N.Y., April 28, 1960.

THE EDITOR,
New York Times,
New York, N.Y.

SIR: I am general counsel to the Seafarers International Union of North America, Atlantic and Gulf District, AFL-CIO, involved in the protest against the policy of the United Arab Republic in blacklisting American vessels which touched Israeli ports and mistreating American seamen aboard "suspect" American vessels. As such, it is naturally to be expected, I suppose, that I would differ with your editorial on the subject in the New York Times of Monday, April 25, 1960. However, in my capacity as a private American citizen and as a reader of long standing of the Times, I must go beyond the Union's position (concerned, as it is, only with the threat to the jobs and well-being of its adherents), and tell you why many people, including myself, take most serious issue with your position.

Your point seems to be that the protest of the SIU and ILA should be abandoned, primarily because the Arab governments are threatening to boycott all American ships and, secondly, because the State Department says it is "embarrassed in the conduct of the Nation's foreign relations." Neither reason is valid.

The facts are that many of SIU's contracted companies have suffered a severe loss of business as a result of the policy all of us, including the State Department and you, appear to decry. As a consequence, job opportunities for its members have decreased substantially. Moreover, its seamen have been subject to personal abuse and harassment in U.A.R. ports. This situation has existed for years and constitutes a flagrant affront to our flag, to our country, to American shipping companies, and to American merchant mariners. Indeed, the arrogance of the Arab Governments, and the U.A.R. government in particular, has become so fulsome as to prompt them to dictate to us in which manner they wish us to convey aid to their hungry peoples. The Department of Agriculture, concerned with the shipment of foreign aid grain cargoes, has publicly stated it is not concerned with these matters and, until recently, the Navy Department, as is true of the Department of Agriculture to this day, cooperated in the effectuation of these affronts by the inclusion of charter provisions precluding the issuance of charters to American shipping companies that had ever delivered cargoes to Israel. The State Department has accomplished nothing in the way of a remedy. It has mostly confined itself to the issuance of sporadic, ineffectual, general statements. In the mean-

time, the Union's losses continue, as does, indeed, the threat to its very existence, and it grows with each Arab League conference called for the purpose of enlarging upon this blacklist and in making increased use of Nasser's physical control of the Suez Canal, notwithstanding the U.A.R.'s contravention of numerous U.S. resolutions and open violation of international law.

I realize that the State Department is embarrassed, as they put it, but I suggest that this embarrassment should be predicated on reasons other than the one it offers. I suggest it ought to be embarrassed because it has not stopped this insult to our country, to our flag, and to our citizens. It ought to be embarrassed because it is engaged in the shameful policy of appeasing a dictatorial tyrant, because it allows him to so cleverly and obviously play us off against the Bolsheviks, and because it panders to an ever-increasing aggressiveness which, if not checked, will most certainly lead to war. It ought to be embarrassed because it preaches so loudly about support of the democracies and the unity of the free world, and conducts, certainly so far as the Middle East is concerned, a day-to-day foreign policy in precise contradiction thereof. So much for State Department embarrassment.

Since you consider the SIU's protest ill-advised from the start, I submit that it is incumbent upon you to suggest an alternative procedure which would offer the Union some hope of eventual surcease from the threat which hangs over its contracted companies and available job opportunities. Certainly you cannot be suggesting it sit by and do nothing, and that the SIU just take it and hope for a solution. What is there in the wind to suggest that such a solution is forthcoming? Certainly our present appeasement policy is no solution, for it has accomplished nothing. Indeed, does not history prove that such a policy is not merely doomed to failure but, more significantly, actually tends to evoke an ever-increasing arrogance, leading, in turn, to more serious crises, and, ultimately, war.

The Arab countries are engaged right now in a boycott of many American-flag vessels. Your answer appears to be that, notwithstanding, the unions should not protest, lest the Arab countries boycott all American-flag vessels. But, in the light of the State Department's proven incapacity to accomplish anything, that means you are advocating that the SIU and ILA submit, that they suffer their losses and the promise of even further losses, under threat of further pressure. It is my own opinion that this sort of thinking brought about the Ethiopian war, the Rhineland debacle, Munich, and all the other appeasement gestures that merely whetted the insatiable appetites of dictators. Such thinking, in short, courts disaster.

If, as all of us seem to agree, the blacklist and harassment directed against our ships and seamen are wrong (as well as seriously injurious to the material interests of our merchant marine), we Americans should not adopt an appeasement posture predicated on the utterance or even execution of threats calculated to insure the survival of that wrong. America has not exerted pressure on Egyptian vessels, notwithstanding how much we may dislike their ports of call. Egypt should observe the same amenities with respect to our vessels. We do not harass and humiliate Egyptian seamen. Egypt should not harass and humiliate American seamen.

In my judgment, the shameful failure of the State Department to uphold America and American principles, and to insist upon the observance of these basic tenets of reciprocal fair play, has left the unions involved no other choice but to legally protest as effectively as they can, and that is precisely what they are doing. You should be informed that the fight these unions are put-

Gypsum is a soft white mineral that is washed into the river and dissolved. Bosler adds soda lime and ash to the Red to coagulate and precipitate it. The acid turns it back to a solid and it settles.

The salts can't be got rid of this way. Soda ash simply turns one kind of chloride into another.

The Army Engineers have already hit on several preliminary ideas for keeping the salt out of the river. One idea is a 12-inch pipeline to collect salt from main inflow points and pipe it to the gulf. Another idea is to seal off the salt springs from the river. Yet another is to drain them into diked ponds and let the water evaporate. Since the salt springs are artesian and flow by pressure, another scheme is to put in ponds above the springs and equalize pressures.

The final idea so far brought forward is to divert floodflows around the salt areas.

As for oilfield pollution, the engineers look on reinjection of the brine as a waterflood to increase oil production both as a cure to the pollution problem and a means of helping the industry.

Meanwhile, in spite of its prosperity, population along the valley is falling behind the national increase and the towns are blaming the short water supply and its poor quality. They look to the pollution study and the recommendations that grow out of it to transform one of America's major rivers from a drainage canal into an unending source of the quality water they need for growth.

May Is "Rural Electrification Month" in Wisconsin

EXTENSION OF REMARKS

OF

HON. LESTER R. JOHNSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 26, 1960

Mr. JOHNSON of Wisconsin. Mr. Speaker, on April 27 a group of pioneers in Wisconsin's rural electrification movement met at the State capitol to watch Gov. Gaylord Nelson sign a proclamation designating May as "Rural Electrification Month." Naturally, the silver jubilee of the REA program will be celebrated May 9-14, but it is significant that the Wisconsin observance will last the entire month, for my home State was one of the leaders in this quiet revolution which changed rural America from a dark to a lighted land.

In May of 1936 the Columbus Rural Electric Co-op at Columbus, Wis., received the first Wisconsin REA loan. At that time only 19.6 percent of the farms in the State had central station electric power. Today 31 rural electric co-ops are serving 87,338 consumer-members on 30,710 miles of line, and 97.9 percent of Wisconsin's farms are electrified.

Of the \$118,912,492 in REA loans advanced to these electric cooperatives, \$21,740,945 has been repaid on the principal and \$14,267,982 has been paid in interest. In addition, advance payments on principal have been made to the tune of \$3,458,718.

Under leave to extend my remarks, I would like to include in the RECORD an article from the April 27, 1960, Capital Times in Madison, Wis., which tells about

the ceremony at which Governor Nelson designated May as "Rural Electrification Month":

TWENTY-FIFTH ANNIVERSARY HALLED—PHIL LA FOLLETTE, MELBY JOIN NELSON IN REA CEREMONIES

(By Herb Jacobs)

May has been officially designated "Rural Electrification Month" in Wisconsin in ceremonies at which former Gov. Philip La Follette urged the State not to be afraid of words like socialism, and to back projects which will grow.

La Follette was governor 25 years ago when President Franklin D. Roosevelt by executive order created the Rural Electrification Administration (REA) under which rural electric service took a great leap forward. La Follette set up the Rural Electrification Coordination Administration to speed the work in Wisconsin.

State leaders and pioneers in REA work were present in the executive officer Tuesday afternoon as Gov. Gaylord Nelson signed a proclamation marking the 25th anniversary of REA, and several joined La Follette in comments on the occasion.

"The contributions of the REA have been unexcelled by any group at any time in the State," Nelson said.

H. O. Melby, Westby, first president of the Wisconsin Electric Cooperative, who has served continuously except for a 4-year interval, said the REA "has been a tremendous thing for the whole Nation, not just farmers."

"We had a friendly administration to back us," Melby continued. "We believe Wisconsin has pulled ahead more than any other State, and REA has benefited everybody, not just farmers."

A statement read by Attorney Floyd Wheeler, Madison, longtime counsel of Wisconsin electric cooperatives, praised REA as the finest program of benefits for farmers ever sponsored by State or Federal governments, and hailed La Follette for his vigorous action to place Wisconsin at the forefront in the development.

"Twenty-five years, when you look at it in one aspect, is short, and in another it is long," La Follette began, as he sat at the table between Nelson and Melby.

"I was thinking this morning in terms of the governorship. Gaylord, you were just about getting through the university when I was in your chair. Add another 25 years to your age, and you'd be older than I am."

"And Mr. Melby has the same sparkling Norwegian fire in his system, which helps to make this a memorable occasion."

"The significant thing about a day like this, is that younger men like Gaylord and his associates, both those for and against him, should think in terms of what they will be celebrating 25 years from now. That's a pretty good yardstick to determine what is good and important."

"Years ago, when I was in your seat, there were many things that seemed terribly important, and over which I burned up a lot of energy and anxiety, but some of those things don't seem so important. On the other hand, take forest fires, which we don't have any more. Isn't it nice to be able to jump in your car and drive up north, and see it all green? I'm glad I had a small part in that. You're lucky if you can get connected with something that grows."

Turning to the REA, La Follette continued:

"Don't be afraid of words and shibboleths. Don't let people drive you away because of a name. Socialism used to be the big bugaboo. But the REA is just an adaptation of something very old—neighborliness, as in a barn raising. Times have changed, but they've only changed the machinery. Now you couldn't holler loud enough for all the neighbors to hear, so we started co-ops."

"Two things I think are important. The first is, try to associate yourself with something that will be living after you."

"And the other thing, don't be afraid because nobody ever did it before. Wisconsin has always been a pioneer. Don't be dependent on 'security,' that's not the way to a rich and full life."

Among others present at the proclamation signing ceremony were Circuit Judge Norris Maloney, who became chief counsel for the State Rural Electrification Coordination Administration in 1936, and was identified with legal phases of the program except for 8 years as district attorney and until his election as circuit judge in 1958, and William V. Thomas, who served on the coordination staff under the late Orland "Spike" Loomis, and general manager of Wisconsin Electric Cooperatives for 20 years.

Three early workers present were Amos J. Green, who joined the coordination staff in 1936, and for 20 years has specialized in the insurance needs of electric co-ops; Mrs. Jean Slightam, an early WEC worker who edited the first written history of rural electric co-ops, and Mrs. Blanche E. Brown, secretary of Loomis, and who has served continuously with the WEC since then.

Area Redevelopment Act

SPEECH

OF

HON. FRANCIS E. WALTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 4, 1960

The House in Committee of the Whole House on the State of the Union had under consideration the bill (S. 722) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

Mr. WALTER. Mr. Speaker, almost 2 years have elapsed since the President vetoed S. 3683, the area redevelopment bill enacted by the 85th Congress. For almost 2 years now we have been able to evaluate the arguments of the President as set forth in his pocket veto message of September 6, 1958. As a result of these evaluations, we now know that many of the reasons for the veto advanced by the President have not held up. The loans to State and local development companies under the Small Business Investment Act of 1958 have not met the needs of the chronic distressed areas.

By the same token the vast majority of the distressed areas have found their unemployment to be chronic and not temporary as the President suspected. Of the total of 116 labor markets which between July 1953 and March 1958 became chronically distressed, only 41 were not so classified in March 1958. Of the remaining 75 labor markets, 64 were continuously distressed from the time their economic difficulties began. They continue unrelieved in their condition of substantial labor surplus even to today. The remaining 11 experienced a temporary period of economic revival. However, today those areas enjoying a period of temporary revival are again chronically distressed.

Studies by organizations both within and without Government conclusively demonstrate that a labor market area that has permanently lost some of its industry will repeatedly experience temporary relief unless industries are found to replace those eliminated by our industrial progress. To consider the temporary revival of these areas as a disqualification for relief under area redevelopment legislation will seriously retard the objectives which the legislation seeks to accomplish.

The 1960 Economic Report of the President declared that legislation was needed to supplement and strengthen efforts to help areas of persistent unemployment. S. 722 accomplishes this and should, therefore, be enacted by the Congress and signed by the President without further delay.

Elks National Youth Day

EXTENSION OF REMARKS

OF

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 5, 1960

Mr. ZABLOCKI. Mr. Speaker, on May 1, 1960, the Elks Clubs throughout our Nation celebrated the Elks National Youth Day. Outstanding young students, selected in various competitions, were honored that day by the Elks, together with their parents, teachers, school administrators, and other community leaders. This celebration, in a way, was part of our answer to the Communist May Day observances in Soviet Russia, in Europe, and on other continents. It honored the achievements of our youth, explored some of the prospects and problems facing them, and compared the opportunities and freedoms enjoyed by the youths of the United States with the conditions experienced by young people living under the rule of communism.

The Milwaukee Lodge of Elks No. 46 participated in this nationwide observance with a banquet on the evening of May 3, sponsored in cooperation with the Wisconsin Elks Association and the Grand Lodge of the Benevolent and Protective Order of Elks. I was deeply honored to have been invited to be the guest speaker on that occasion. The banquet and the ceremonies were well attended and very impressive, attesting to the ability and hard work of the arrangements committee and active cooperation of the entire membership of lodge No. 46. This was, I may add, a most enjoyable and memorable evening for me. Not only did I have the pleasant opportunity to visit with my many good friends, but I was especially impressed by the achievements of our young men and women who were honored at the banquet. I should like to list the names of the principal award winners:

WINNERS OF THE 24TH ANNUAL ELKS' YOUTH ACTIVITIES PROGRAM

1. CONSTITUTION EXAMINATION

Thomas W. Hutchison, Pulaski High School, first prize (\$400 scholarship).

Marshall Berman, Washington High School, second prize (\$200 scholarship).

Diane Dumdey, Wauwatosa Senior High School, third prize (\$100 scholarship).

2. YOUTH LEADERSHIP

Wallis Jean Wilde, Wauwatosa High School, first prize (\$100). (Miss Wilde was also first place State winner.)

David H. Swanson, Wauwatosa High School, first prize (\$100). (Mr. Swanson was also second place State winner.)

Louise M. Noll, West Allis High School; Lynn M. Taussig, Washington High School, second prize (\$50).

Judith M. Hochstein, Riverside High School; Jack J. Burgess, Boys' Technical High School, third prize (\$25).

3. MOST VALUABLE STUDENT

Susan E. Steininger, Solomon Juneau High School; James E. Repnik, Rufus King High School, first prize (\$200 scholarship). (Mr. Repnik was also second place State winner.)

Beverly A. Ruzinski, West Milwaukee; Goetz W. Schaefer, Boys' Technical High School, second prize (\$100).

Roslyn B. Gill, Nicolet High School; Keith K. Hilbig, Washington High School, third prize (\$50).

I am happy to say that Miss Wallis Jean Wilde, who won the first prize both in the State competition and in the Milwaukee competition for the youth leadership award, is the granddaughter of our distinguished senior Senator from Wisconsin, the Honorable ALEXANDER WILEY. She is an outstanding young lady, and I would like to include her brief but very elegant remarks, delivered at the May 3 banquet, in the RECORD:

REMARKS OF MISS WALLIS JEAN WILDE

Mr. Haberlein, officers of the Order of Elks, officials of Lodge No. 46, and Representative ZABLOCKI, I would like to express my deep appreciation to the Elks for this recognition which is not so much of me personally, as it is the recognition of the American ideals which are increasingly essential for survival in the world today. It would be well for other organizations to follow the fine example of the Elks in honoring and creating interest in those fundamental concepts which have kept America great.

I think it would be fair to say that there are literally untold thousands of young people in our State and across the Nation who are dedicated wholeheartedly to preserving our heritage through voluntary service, in school, in church, and in the community. Because the ultimate outlook of our world will be written by those of us in my generation, it is very significant that our service is voluntary rather than the regimented, compulsory service of the Soviet youngsters. We are competing with controlled minds, with people who are compelled to travel on a party line treadmill, and thus the Russians are allowing one of their most valuable resources to be eroded—the unlimited irreplaceable resources of the unfettered mind. They are gradually eviscerating American words like ingenuity, imagination, choice, leadership.

Here in our country our duties and our rights are inherited simultaneously. And from the beginning we are taught that our

rights were hard won and that they will be even harder to keep. And so we volunteer to maintain them. I believe that in the momentous years ahead, America will prove that her youth—her free youth—with the inherent right to choose, and amend, and reject; her youth, conscientiously fulfilling civic duties; her youth, carrying the bright torch of freedom, will win the ideological war.

Mr. Speaker, I want to take this opportunity to congratulate Miss Wallis Jean Wilde and the young men and women whose names I have placed in the RECORD upon winning the principal awards in their respective competitions; and to commend Exalted Ruler Eugene F. Haberlein, the officers, and members of Milwaukee Elks Lodge No. 46, as well as the entire membership of the Benevolent and Protective Order of Elks, for sponsoring the National Youth Day Program. I think that it is a wonderful and constructive undertaking, and I wish it every success in the future.

Honoring Poland and Her People

EXTENSION OF REMARKS

OF

HON. FLORENCE P. DWYER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, May 2, 1960

Mrs. DWYER. Mr. Speaker, for the past 20 years the Congress has taken time out each year to recognize the anniversary of the May 3 Polish Constitution of 1791.

Beginning shortly after the infamous Nazi-Soviet invasion of Poland, which led directly to World War II, this commemoration has become one of Congress' most important traditions. Not only does it provide us an opportunity to appreciate Poland's irreplaceable contribution to the development of Western civilization, but it has become for Congress its major annual occasion for restating American policy favoring the restoration of freedom and liberty for the people of Poland and the other Eastern European nations overwhelmed by the armies of the Soviet Union.

The celebration of this anniversary in 1960 is especially significant for several reasons. This year, for instance, marks the 100th anniversary of the birth of one of the world's greatest musicians, Ignace Jan Paderewski, beloved in America and Poland as a great patriot, statesman, and humanitarian as well as artist.

One hundred and fifty years ago, Frederic Chopin was born in Poland, and the world will never cease its gratitude for the glorious music of this gifted composer.

The year 1960 also inaugurates the preparation of plans by Americans of Polish descent, under the auspices of the Polish American Congress which represents over 7 million Americans of Polish origin, for the commemoration of Poland's millennium, the 1,000th anni-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of May 6, 1960
86th-2d, No. 83

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HIGHLIGHTS: House committee reported agricultural appropriation bill. Senate agreed to House amendment to depressed areas bill. House received conference report on mutual security authorization bill. Rep. Cooley introduced administration's bill to amend Public Law 480, and user charges bill.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL FOR 1961. The Appropriations Committee reported without amendment this bill, H. R. 12117 (H. Rept. 1592). (Attached to this digest is a copy of the Committee report, at the end of which is included a summary table reflecting committee action on the bill.) p. 9067
2. MUTUAL SECURITY; FOREIGN AID. Received the conference report on H. R. 11510, the mutual security authorization bill (H. Rept. 1593) (pp. 9030-6). The action of the conferees provided as follows on certain items in disagreement: authorized, for 1 year, the use of surplus agricultural commodities on a grant basis to meet the requirements of needy people and to promote economic development in underdeveloped areas; authorized the payment of transportation charges to points of entry in landlocked countries for shipments under the Mutual Security Act or titles II and III of Public Law 480; authorized loans of foreign currencies to small farm operators in foreign countries to assist in improving agricultural methods and techniques; provided that "insofar as practicable" land and water resource projects in foreign countries be examined by qualified engineers financed under the Mutual Security Act in accordance with the general procedures prescribed in Circular A-47 of the Budget Bureau; deleted a proposed Senate amendment which would have amended Public Law 174, 79th Congress, so as to

strike out the \$3 million limitation on the annual U. S. contribution to the Food and Agriculture Organization; and provided that the President shall have a study made of the functions of, and the degree of coordination among, agencies engaged in foreign economic activities, including the Department of State, the Development Loan Fund, the Export-Import Bank, and the Department of Agriculture. See Digests 75 and 77 for a summary of other items of interest.

3. ATOMIC ENERGY. Passed without amendment H. R. 11713, authorizing appropriations for the Atomic Energy Commission. pp. 9037-56 (For a summary of this bill see Digest 71.)

4. AREA REDEVELOPMENT. Several Representatives urged the President to sign S. 722, the depressed areas bill. pp. 9058-62

Rep. Bow expressed his hope that the President would veto S. 722, and that a bill providing \$53,000,000 would be submitted and enacted in its place. pp. 9062-3

5. PERSONNEL. Rep. Lesinski urged support for his House Resolution 522 which "provides for a special investigation and study on the employment, utilization, and retention of older work^{ers} in the Federal Government." p. 9064

6. FARM PROGRAM. Rep. Flynn discussed the problem of farm surpluses, stating "the cheapest and easiest way of solving the problem of over-productivity and surplus ... is to remove from production, a sufficient number of acres to accomplish this result." He also inserted the text of his bill H. R. 12005, which he says will accomplish this. pp. 9064-6

7. ADJOURNED until Mon., May 9. p. 9067

SENATE

8. DEPRESSED AREAS. By a vote of 45 to 32, agreed to the House amendment to S. 722, to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas (pp. 8983-9002). This bill will now be sent to the President. See Digest 81 for a summary of the provisions of the bill as agreed to.

9. SUGAR; TOBACCO. Sen. Frear referred to a statement by Rep. Levering that "the Philippines had been denied increases in its sugar quota because of its ban on American tobacco, while no such action had been taken against Cuba," urged an increase in sugar quota for the Philippines, and inserted several items discussing this matter. pp. 9019-20

10. NATURAL RESOURCES. Sen. O'Mahoney commended the service of Sen. Murray, stating that he "has always labored for the development of the resources of our great West -- the water, the soil, the timber, the oil and other minerals." pp. 9008-9

11. LEGISLATIVE PROGRAM. Sen. Johnson commended recent accomplishments of the Senate, and listed legislation to be considered before Congress adjourns, including a farm bill, medical assistance for the aged, Federal pay raise bill, housing bill, and social security bill. pp. 9013-4

12. ADJOURNED until Mon., May 9. p. 9027



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 86th CONGRESS, SECOND SESSION

Vol. 106

WASHINGTON, FRIDAY, MAY 6, 1960

No. 83

Senate

The Senate met at 9:30 o'clock a.m., and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father God, whose love is unfailing and whose mercies are new every morning, again we turn unfilled to Thee bowing in our ignorance and weakness, praying for strength and wisdom to face with courage the somber specters of hatred and misery that stalk our darkened earth. Through the angry emotions which embitter the present days help us to seek not the vindication of our opinions but the truth no matter where it leads.

If we secretly covet the superior gifts of others and so neglect our one talent, if we inwardly rejoice in the failure of others, if we furnish hospitality to thoughts that debase and degrade, if we are content with anything short of our best, if we have believed the worst about others on flimsy and perhaps false reports, if in any human relationship we have been untrue, unfair, unbrotherly: O Thou who takest away the sin of the world forgive us, cleanse us, renew us, restore our soiled souls, and lead us in the paths of righteousness for Thyname's sake. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, May 5, 1960, was dispensed with.

ENROLLED BILLS SIGNED

The PRESIDENT pro tempore announced that on today, May 5, 1960, he signed the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

H.R. 7947. An act relating to the income tax treatment of nonrefundable capital contributions to Federal National Mortgage Association;

H.R. 8684. An act to provide transitional provisions for the income tax treatment of dealer reserve income;

H.R. 9660. An act to amend section 6659 (b) of the Internal Revenue Code of 1954 with respect to the procedure for assessing

certain additions to tax, and for other purposes; and

H.R. 10234. An act making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1961, and for other purposes.

MESSAGES FROM THE PRESIDENT— APPROVAL OF JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on May 5, 1960, the President had approved and signed the joint resolution (S.J. Res. 150) permitting the Secretary of the Interior to continue to deliver water to lands in the third division, Riverton Federal reclamation project, Wyoming.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed a bill (H.R. 11998) making appropriations for the Department of Defense for the fiscal year ending June 30, 1961, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 11998) making appropriations for the Department of Defense for the fiscal year ending June 30, 1961, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

THE AREA REDEVELOPMENT ACT

The Senate resumed the consideration of the amendment of the House to the bill (S. 722) to establish an effective

program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Texas [Mr. JOHNSON] that the Senate concur in the House amendment.

Mr. JOHNSON of Texas. Mr. President, under the unanimous-consent agreement there is to be an hour on each side, to be controlled by the majority and minority leaders.

I wonder if the Senator from Pennsylvania [Mr. CLARK] is prepared to take any time now.

Mr. CLARK. Mr. President, the Senator from Illinois [Mr. DOUGLAS] is on his way to the Chamber. He had intended to open the debate; but if the majority leader desires, I am prepared to do so.

Mr. DOUGLAS entered the Chamber.

Mr. JOHNSON of Texas. The Senator from Illinois has been a leading advocate of this legislation. It was due largely to his efforts that the original bill was passed. It has been materially reduced by the House of Representatives substitute, but I was pleased to support the Senator from Illinois when S. 722 was originally before the Senate. While I would like to see legislation that at least went as far as S. 722, I do not see any chance of getting it at this session.

As I understand, the Senate bill provided some \$389 million. The President recommended a sort of token appropriation of \$50 million odd, and the House of Representatives, against great parliamentary obstacles, passed a bill providing \$251 million; and I am hopeful that that reasonable, moderate, fair, prudent course will be upheld by the Senate today.

I yield to the Senator from Illinois. How much time does the Senator wish?

Mr. DOUGLAS. I should like 10 minutes.

Mr. JOHNSON of Texas. I yield 10 minutes to the Senator from Illinois.

Mr. CLARK. Mr. President, before the Senator from Illinois proceeds, will the majority leader yield for one comment?

Mr. JOHNSON of Texas. I yield.

Mr. CLARK. I think it is important, as we debate this bill, for us to remember that this is only an authorization bill. The other bill was a spending bill, but this bill has been converted by the House into an authorization bill, so it would not cost one cent unless appropriations were later forthcoming.

Mr. JOHNSON of Texas. The Senator points out a very important matter.

Mr. President, I do not believe we ought to have double standards in this Government. I sat with the Appropriations Committee. All last week I tried to get a mutual aid bill through for all the free world, containing almost \$4 billion in grants throughout the free world. Now we are asking for \$251 million, largely in loans for our own people in distressed and depressed areas, and we have to fight every inch of the way. I do not think we should have a standard like that, under which we grant \$4 billion to other people, and cannot even lend a quarter of a billion to our own people. I am for helping both. I think we can do it and remain fiscally solvent. I think we can do it and become a stronger nation in a stronger world. I do not understand the voices which say, "You cannot cut one dime from the \$4 billion of grants to foreign nations, but you must not permit loans of a quarter of a billion to our own people."

Mr. DOUGLAS. Mr. President, I appreciate the generous comments of the majority leader. It would have been impossible to pass this bill through the Senate at any time—and it was passed three times—without his unfailing cooperative and efficient help. I pay tribute to him on this point. We have not always agreed on every measure before the Senate, but no one could have been

more cooperative and helpful than the senior Senator from Texas.

Mr. JOHNSON of Texas. I thank the Senator.

Mr. DOUGLAS. Mr. President, this is a very important measure, and I think I should describe the House amendments first, indicate some of the details in which it differs from the Senate bill, and then make a very brief argument.

As the Senator from Texas has said, Senate bill 722, when it passed this body, made commitments for a total of \$379 million. The House has cut this sum to an authorization for \$251 million, but it has retained all the features of the program embodied in S. 722.

Thus, loans for industrial redevelopment has been cut from \$100 million to \$75 million; loans to establish new industries in critical farm areas of low income and high underemployment have also been reduced from \$100 million to \$75 million; loans to localities to provide industrial facilities, such as industrial water and industrial parks, have been reduced from \$100 million to \$50 million.

The figure for grants to especially needy localities which have need for some outright grants in addition to loans, has been cut from \$75 million to \$35 million. Funds for technical assistance have been maintained at \$4,500,000. Then there are authorizations of \$10 million for, in subsistence payments during retraining and \$1,500,000 for vocational rehabilitation.

As the Senator from Pennsylvania has stated, Senate bill 722 originally provided that the \$300 million of loans could be made by the administrator without further appropriation by Congress, and then the costs would have been met by

the flotation of additional quantities of Government bonds. As the Senator from Pennsylvania has made clear, no part of the entire amount can now be spent without further authorization by Congress.

The House has also made changes in eligibility and has effected some liberalization of the rather stringent standards which had been imposed in the Senate bill. However, the provisions which are retained are quite stringent and, in my judgment, adequate.

There is an initial requirement that there must be at least 6 percent unemployment at the time the application is made, that there must have been at least 9 percent unemployment during at least 15 of the 18 previous months, and 6 percent during at least 18 months of the preceding 24 months, if unemployment of not less than 15 percent of the labor force has existed during the 6-month period immediately preceding the date of the application.

A proviso has also been inserted at the last moment by the House that if unemployment falls below 6 percent of the labor force during the period that the application is being processed, such an area will lose its eligibility, and the administrator will not make grants to it. There would be 30 "major" industrial areas which in March of 1960 would be eligible in industrial areas, and 100 smaller areas.

I ask unanimous consent to have printed in the RECORD at this point in my remarks a list of the areas which, in March 1960, would be eligible under the provisions of the House bill.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Tentative list of areas that may qualify for Federal assistance as areas with substantial and persistent unemployment under various legislative proposals,¹ March 1960

MAJOR AREAS¹

Administration (Kilburn) bill, H.R. 4278	Spence bill (S. 722) (as reported by House committee)	Douglas bill (S. 722) (as passed by Senate)	Administration (Kilburn) bill, H.R. 4278	Spence bill (S. 722) (as reported by House committee)	Douglas bill (S. 722) (as passed by Senate)
(16 major areas)	(44 major areas)	(19 major areas)	(16 major areas)	(44 major areas)	(19 major areas)
Indiana: Evansville. Terre Haute.	Indiana: Evansville. Terre Haute.	Indiana: Evansville. Terre Haute.	Ohio:	Ohio: Steubenville-Weirton.	Ohio: Steubenville-Weirton.
Massachusetts: Fall River. Lawrence. Lowell. New Bedford.	Massachusetts: Brookton. Fall River. Lawrence. Lowell. New Bedford. Springfield-Holyoke.	Massachusetts: Fall River. Lawrence. Lowell. New Bedford.	Pennsylvania: Altoona. Erie. ³ Johnstown.	Pennsylvania: Altoona. Erie. Johnstown. Pittsburgh. Scranton. Wilkes-Barre-Hazleton.	Pennsylvania: Altoona. Erie. Johnstown. Scranton. Wilkes-Barre-Hazleton.
Michigan: Detroit.	Michigan: Detroit. Muskegon-Muskegon Heights.	Michigan: Detroit. Muskegon-Muskegon Heights. ³	Rhode Island: Providence.	Rhode Island: Providence.	Rhode Island: Providence.
Minnesota: Duluth-Superior.	Minnesota: Duluth-Superior.	Minnesota: Duluth-Superior.	Tennessee: Chattanooga.	Tennessee: Chattanooga.	Tennessee: Chattanooga.
New Jersey: Atlantic City.	New Jersey: Atlantic City.	New Jersey: Atlantic City.	Texas: Beaumont-Port Arthur.	Texas: Beaumont-Port Arthur.	Texas: Beaumont-Port Arthur.
New York: Albany-Schenectady-Troy. Buffalo. Utica-Rome.	New York: Albany-Schenectady-Troy. Buffalo. Utica-Rome.	New York: Albany-Schenectady-Troy. Buffalo. Utica-Rome.	Virginia: Roanoke.	Virginia: Roanoke.	Virginia: Roanoke.
North Carolina: Durham.	North Carolina: Durham.	North Carolina: Durham.	West Virginia: Charleston. Huntington-Ashland. ³	West Virginia: Charleston. Huntington-Ashland. Wheeling.	West Virginia: Charleston. Huntington-Ashland. Wheeling.

Footnotes at end of table.

Tentative list of areas that may qualify for Federal assistance as areas with substantial and persistent unemployment under various legislative proposals,¹ March 1960—Continued

SMALLER AREAS⁴

Administration (Kilburn) bill, H.R. 4278	Spence bill (S. 722) (as reported by House committee)	Douglas bill (S. 722) (as passed by Senate)	Administration (Kilburn) bill, H.R. 4278	Spence bill (S. 722) (as reported by House committee)	Douglas bill (S. 722) (as passed by Senate)
(49 smaller areas)	(148 smaller areas)	(61 smaller areas)	(49 smaller areas)	(148 smaller areas)	(61 smaller areas)
Alabama: Florence-Sheffield. Jasper.	Alabama: Florence-Sheffield. Gadsden. Jasper. Talladega.	Alabama: Florence-Sheffield. Jasper.	New York—Continued	New York—Continued Newburgh-Middle- town-Beacon. Ogdensburg-Massena- A Malone. Plattsburgh. Wellsville.	New York—Continued
Alaska: Anchorage.	Alaska: Anchorage.	Alaska: Anchorage.	North Carolina: Fayetteville.	North Carolina: Fayetteville. Hendersonville. Lumberton. Mount Airy. Rockingham-Hamlet.	North Carolina: Fayetteville.
Connecticut: Danielson.	Connecticut: Ansonia. Bristol. Danielson. Meriden. Middletown. Norwich. Thompsonville. Torrington.	Connecticut: Bristol. Danielson.	Ohio: Rockingham-Hamlet.	Ohio: West Union. Portsmouth-Chilli- cothe.	Ohio: Portsmouth-Chilli- cothe.
Illinois: Centralia. Harrisburg. Herrin-Murphysboro- West Frankfort. Litchfield.	Illinois: Centralia. Harrisburg. Herrin-Murphysboro- West Frankfort.	Illinois: Centralia. Harrisburg. Herrin-Murphysboro- West Frankfort. Litchfield.	Oklahoma: McAlester.	Oklahoma: Ardmore. McAlester. Muskogee. Okmulgee-Henryetta.	Oklahoma: McAlester.
Indiana: Mount Vernon.	Indiana: Mount Carmel-Oney. Mount Vernou.	Indiana: Mount Vernon.	Pennsylvania: Berwick-Bloomsburg. Clearfield-Du Bois. Indiana. Kittanning-Ford City. Lewistown. Meadville. New Castle. Pottsville.	Pennsylvania: Berwick-Bloomsburg. Butler. Clearfield-Du Bois Indiana. Kittanning-Ford City. Lewistown. Meadville. New Castle. Oil City-Franklin- Titusville. Pottsville. Sayre-Athens-Tow- anda. St. Marys. Sunbury-Shamokin- Mount Carmel. Uniontown-Connells- ville. Williamsport.	Pennsylvania: Berwick-Bloomsburg. Butler. Clearfield-Du Bois. Indiana. Kittanning-Ford City. Lewistown. Meadville. New Castle. Pottsville.
Kansas: Pittsburg.	Kansas: Pittsburg.	Kansas: Pittsburg.	Tennessee: La Follette-Jellico- Tazewell.	Tennessee: La Follette-Jellico- Tazewell.	Tennessee: La Follette-Jellico- Tazewell.
Kentucky: Corbin. Hazard. Madisonville. Morehead-Grayson. Paintsville-Prestons- burg. Pikeville-Williamson.	Kentucky: Corbin. Hazard. Madisonville. Morehead-Grayson.	Kentucky: Corbin. Hazard. Madisonville. Morehead-Grayson. Paintsville-Prestons- burg. Pikeville-Williamson.	Texas: Laredo. Texarkana.	Texas: Laredo. Texarkana.	Texas: Laredo. Texarkana.
Maine: Biddeford-Sanford.	Maine: Biddeford-Sanford.	Maine: Biddeford-Sanford. Lewiston-Auburn	Virginia: Big Stone Gap-Appala- chia.	Virginia: Big Stone Gap-Appala- chia. Richlands-Bluefield.	Virginia: Big Stone Gap-Appala- chia.
Maryland: Cumberland.	Maryland: Cambridge. Cumberland.	Maryland: Cumberland.	Washington: Anacortes.	Washington: Aberdeen. Anacortes. Bellingham. Bremerton. Port Angeles.	Washington: Aberdeen. Anacortes. Bellingham.
Massachusetts: North Adams.	Massachusetts: Newburyport. North Adams.	Massachusetts: North Adams.	West Virginia: Beckley. Bluefield.	West Virginia: Beckley. Bluefield. Clarksburg. Fairmont. Logan.	West Virginia: Beckley. Bluefield. Clarksburg. Fairmont. Logan.
Michigan: Bay City. Iron Mountain.	Michigan: Bay City. Iron Mountain. Marquette. Monroe. Port Huron.	Michigan: Bay City. Iron Mountain. Marquette. Monroe. Port Huron.	Wisconsin: La Crosse.	Wisconsin: La Crosse.	Wisconsin: La Crosse.
Mississippi: Biloxi-Gulfport.	Mississippi: Biloxi-Gulfport.	Mississippi: Biloxi-Gulfport.			
Missouri: Flat River. Joplin. Washington.	Missouri: Flat River. Joplin. Washington.	Missouri: Flat River.			
Montana: Butte.	Montana: Butte. Kalispell.	Montana: Butte. Kalispell.			
New Jersey: Bridgeton.	New Jersey: Bridgeton. Long Branch.	New Jersey: Bridgeton.			
New York: Amsterdam. Auburn. Gloversville.	New York: Amsterdam. Auburn. Elmira. Gloversville. Jamestown-Dunkirk.	New York: Amsterdam. Auburn. Gloversville.			

¹ This listing is preliminary and tentative, and is based largely on bimonthly or semiannual data compiled from area labor market reports prepared in connection with the Bureau of Employment Security's program for the classification of areas according to relative adequacy of labor supply. Data used cover a 2-to-5 year period, generally extending through January 1960. Later data, now becoming available for some areas, could result in several changes in the above listing. A more comprehensive review of area data on a monthly—rather than bimonthly or semiannual—basis, and in the light of whatever criteria may be included in the bill finally enacted, would be required to determine which areas are eligible for assistance as areas with substantial and persistent unemployment.

² Major areas are areas included in the Bureau of Employment Security's regular area labor market reporting and classification program. This program covers 149 of the country's leading employment centers. Unemployment and labor force data for these areas are generally available on bimonthly basis.

³ Borderline.

⁴ Smaller areas: Areas with a labor force of 15,000 or more which are officially classified as "smaller areas of substantial labor surplus" by the Bureau of Employment Security. Data for such areas are generally available on a semiannual basis. Information for smaller areas which are not classified, or for areas with a labor force of less than 15,000, is not available in Washington on a consistent basis.

ATTACHMENT TO MARCH 1960 TENTATIVE LIST
OF ELIGIBLE AREAS UNDER PROPOSED AREA
ASSISTANCE LEGISLATION

SUMMARY OF ELIGIBILITY CRITERIA USED

The administration (Kilburn) bill (H.R. 4278):

1. Unemployment is now 6 percent or more of the labor force, discounting seasonal or temporary factors.

2. The annual average unemployment rate in the area has been:

(a) At least 50 percent above the national average for 4 of the preceding 5 calendar years.

(b) At least 75 percent above the national average for 3 of the preceding 4 calendar years.

(c) At least 100 percent above the national average for 2 of the preceding 3 calendar years.

The Douglas bill (S. 722) as passed by the Senate:

1. Unemployment is now 6 percent or more of the labor force, discounting seasonal or temporary factors.

2. The annual average unemployment rate in the area has been:

(a) At least 50 percent above the national average for 3 of the preceding 4 calendar years.

(b) At least 75 percent above the national average for 2 of the preceding 3 calendar years.

(c) At least 100 percent above the national average for 1 of the preceding 2 calendar years.

Spence bill (S. 722) as reported by House Banking and Currency Committee:

1. Unemployment in the area is currently 6 percent and has been:

(a) At least 6 percent during 18 of the preceding 24 months.

(b) At least 9 percent during 15 of the preceding 18 months.

(c) At least 12 percent during the preceding 12 months.

Mr. DOUGLAS. So far as the agricultural areas in the country are concerned, they are to include those areas in which there existed the largest number of low-income farm families, and the administrator is also to consider the number of those families in each of such areas and the current prospective employment opportunity in such area and the availability of manpower in each area for supplemental employment.

There shall be included among these areas any county which is among the 500 counties in the United States ranked lowest in the level of living of the farm families, or which is among the 500 counties in the United States having the highest percentage of commercial farms producing less than \$2,500 worth of products for sale annually.

I should emphasize that this bill is intended to help the farming regions of the country equally with the industrial regions. I cannot understand how Senators from low-income farm areas can contend that the bill is intended to help exclusively industrial areas, because it applies equally to farming areas, and because the sums authorized for loans are equal.

What is intended is to have a loan made at the average yield on Government bonds of 30 years duration, plus one-half percent. So this is in no sense a grant program. It is instead a loan program designed to bring industry into areas of high and persistent unemployment and underemployment and to pro-

vide instead additional employment and additional income.

Under the bill there would be set up a separate administrator, to be appointed by the President, subject to Senate confirmation, and an advisory board consisting of various Cabinet officers and leading members of the administration, and a public advisory board of 25 members consisting of representatives of labor, management, agriculture, and the public in general.

As I have said, the loan program is conditioned upon sound industrial opportunities, and no Government loan can exceed 65 percent of the cost of the fixed capital, including not merely the cost of buildings, but also plant and machinery, but with no provision for working capital.

The local authorities must also put up at least 10 percent as a minimum—whereas 65 percent is the ceiling for the Federal loans—and those who request loans must put up at least 5 percent, and, of course, must provide for all working capital and for such portions as are not made from Federal and local loans. In practice they will have to put up or raise 25 percent of the capital and in the overwhelming majority of cases far more than this.

So the aim is merely to provide seed capital with which to start new industries in areas where unemployment is high and persistent.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. JOHNSON of Texas. I yield 5 additional minutes to the Senator from Illinois.

Mr. DOUGLAS. The Senator from Texas has already referred to the fact that the Government and the administration are spending abroad enormous sums of money for industrial development in so-called undeveloped countries or, as I believe the phrase now is, "developing countries."

I hold in my hand a list of projects for which outright grants, not loans, have been made by the Federal Government in countries abroad, which has been collected by the Senator from Alaska [Mr. GRUENING], and which he has made available to me.

Visitors in the gallery and Senators on the floor can see the huge size of this volume. I have had it weighed before I came on the floor. It weighs 6 pounds, 7 ounces, and it lists the billions upon billions of dollars that this administration, is giving away to communities abroad.

I voted for most of these appropriations. Incidentally when I have done so, at the request of the administration, I have been attacked by the administration supporters at home.

We also have a Development Loan Fund, largely put into effect through the imagination of the Senator from Oklahoma [Mr. MONRONEY], who has never been given proper credit for what he has done. This book weighs somewhat less, about a half pound. It contains hundreds of authorizations amounting to \$1,400 million, with loans which have already been committed amounting to \$900 million.

The administration is saying we cannot reduce a single cent of these sums. I have voted for this program in the past, and I expect to vote for substantial portions of it this year, although not for all. However, I do protest that the administration program of spending enormous sums of money abroad and refusing to spend small sums of money at home to help rehabilitate areas which have suffered from persistent and continued high unemployment.

It is a fact that industries decay. The coal mining industry, due to technical improvements and the substitution of other fuels, employs hundreds of thousands fewer workers than before. As a result, Pennsylvania, Kentucky, West Virginia, and southern Illinois have a high percentage of unemployment and have had this high percentage of unemployment for years. The textile industries of the country have sustained unemployment. Other regions of the country also have high unemployment.

As a result, people from those regions have migrated into industrial centers. However, people of advanced years or in the middle age group, who have established families, find it very difficult to migrate. The drying up of payrolls has left in many cases ghost towns, areas with high unemployment, tax rolls shrinking, and relief payments increasing. These areas and the people in them are in great difficulty. I believe we should bring industry to those localities under loans, so as to bring jobs to some of these people and utilize the social facilities which are already there.

For if large numbers continue to migrate, it will be necessary for them to go into other regions, where not only will it be difficult for them to find work, but where housing, street pavements, water systems, sewer systems, electric light systems, and all the other public services will have to be constructed for them; whereas if the work is brought to them, they can more fully utilize the social capital and the community life which exist in their home communities. All this and the reduction of relief costs will mean that even in more dollars and cents, this measure will yield large dividends to the American people. Let us delay no longer and pass this bill. And may I point out that it is futile to try to change it for if we do, under the rules of the House, it will undoubtedly be killed. If we wish to make some changes, as I personally would like to do, we can amend the act later. But if we really want action, we should vote "yes." Now is the time to stand up and be counted.

Mr. JOHNSON of Texas. Mr. President, I hope the distinguished minority leader can support the motion. If he cannot, I hope he will use some of the time on the other side. I do not want to say "in opposition to the motion," because I know the minority leader has great faith in the municipalities and distressed areas of America. He knows that they will pay back every dollar which the Federal Government lends them. As a matter of fact, the Federal Government made a great profit during the time Mr. Jesse Jones was in charge of a program which came to the rescue

of a good many sections of the country which had pockets of unemployment.

I believe this is a sound program. Certainly it is a much more modest one than the one which earlier passed the Senate. I hope the minority leader can support it. If he cannot, I hope he will be gentle in his opposition to it, and will use some of his time to discuss it now.

Mr. DIRKSEN. It is precisely because the minority leader has great faith in the counties, localities, and other political subdivisions of the Nation that he opposes the motion. I shall address myself to it later. For the moment, I yield 10 minutes to the distinguished Senator from New Hampshire.

Mr. COTTON. Mr. President, when the bill passed the Senate, I spoke in opposition to it, as I shall again this morning. Because the Senate will take its final action upon it today, the Senator from New Hampshire wishes to make a brief statement reiterating his unalterable opposition to the measure.

I base my opposition on the ground not only that it is dangerous, but that it violates every principle or rule concerning participation by the Federal Government in such matters that has existed throughout the history of the Republic.

No Member of the Senate has more sympathy for areas of unemployment or for business, industrial, or agricultural distress than I have. The reason is that the State of New Hampshire, only a few years ago, passed through a critical period when some of our biggest textile mills closed their doors. We had areas of heavy unemployment and distress, and we had a burdensome relief load. However, during that period, we did not wait for Federal help. We went to work ourselves. We succeeded in bringing to our State small industries—plastics, electronics—and in diversifying our industries and our employment. Today, because of the resourcefulness, the courage, the persistence, and, even more, the adaptability of the working people of New Hampshire to take up new fields of activity, our economic situation is such that we could not even qualify for this Federal aid, should it become available to other parts of the country.

But that is not the reason for my opposition. In section 6, page 8, of the bill, there is included a provision against what is known as pirating. I am positive that the framers of the measure have drafted the bill with the most praiseworthy and laudable motives, and have endeavored to write into it every safeguard which they could. Nevertheless, this provision attempts to make certain that Federal aid, Federal resources, and Federal money shall not be used to take industries away from one area or one State and relocate them in a new area or another State, and thus cause employment and distress in the State or area from which they were taken.

The very fact that this provision is contained in the bill indicates that the framers and the supporters of the measure are painfully aware of the dangers of the proposed legislation.

Mr. President, I think I can state, without fear of contradiction by anyone who would ever study this matter to its depth,

that human ingenuity can never write into a measure, can never hedge it about with enough safeguards to prevent the inevitable result that someone in Washington—perhaps the Administrator, or the executive department, or even the President—will be face to face with the problem of determining what parts of the country shall receive the beneficent aid of the Federal Government to lift them up over a period of depression and unemployment, and what parts of the country will suffer thereby.

It is not enough to say that a factory should not be taken away from Connecticut and located in Michigan. However, when the Federal Government stretches forth its long arm and encourages or induces a factory to locate in Michigan, it is thereby taking a factory which, if left to its own accord and resources, might have located in Connecticut, New Hampshire, New York, or West Virginia. Furthermore, the use of Federal aid and of facilities built at public expense will give such a relocated industry an unfair competitive advantage which could result in hardship, unemployment, and distress in totally unforeseen areas.

So there is no way on earth that the proposed program can be administered, no matter how good may be the intentions, without exercising favoritism and discrimination by the Federal Government among the States.

Who would be the man who could administer the new permanent bureau which would be established in Washington? That man, if such a man were available, if a human being could be found who could exercise this arbitrary power and be completely fair in deciding the relative needs and merits of the different sections and States of the Union, would have to be a man of high caliber and discernment, a man having divine intuition.

If there were such a man, there are many other places in the Government where he ought to be used. He could be given the task of administering the farm program, because such a man would know when it was going to rain and when there would be a drought. He would understand all the conditions of nature which intervene in the matter of farm production and farm price supports. Or such a man could administer the national defense, because he could foresee the relative merits of every weapon. Such a man would be gifted with intelligence which has thus far been denied human beings.

Mr. President, it is utterly impossible that this kind of authority could be exercised wisely and justly, and without someone suffering from the decisions made in Washington. Therein lies the distinction between the fields in which the Federal Government has an obligation to participate and those in which it should not.

I am not one who wishes to curtail, block, and prevent all Federal aid. I take this opportunity to say that I supported the measure for Federal participation with the States and local subdivisions in the construction of facilities to prevent the pollution of water. This morning, I wish to say that I would have

welcomed an opportunity to vote to override the President's veto of that measure, because I happen to believe that is a field in which the Federal Government has a distinct obligation and a distinct responsibility.

But in this field of aid to depressed areas, as in certain other fields, we are marching straight into an activity in which the Federal Government is attempting to arrogate unto itself powers for good and powers for harm that never can be carefully and wisely exercised.

I regret that some of those who support programs in this field—and they even include the administration—are doing so on the basis of dollars and cents. When shall we ever learn that there cannot be a little bit of pregnancy? When shall we ever learn that when we embark upon a new field of activity, particularly one which is unsound in principle and dangerous in practice, when we create downtown a new department which will be permanent, which always will be with us once it is created, we shall have traveled down a road along which we can move in only one direction, and that will be ahead; we shall have adopted a program which will be subject to change in only one dimension, and that will be to enlarge it.

So, Mr. President, once more I find myself in complete opposition to this bill—in any form, no matter what amendments may be adopted, no matter what "safeguards" may be incorporated in it, no matter how much it may be surrounded by every kind of skillful protection which its framers can devise.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). The time yielded to the Senator from New Hampshire has expired.

Mr. COTTON. Mr. President, may I have 1 additional minute?

Mr. DIRKSEN. Mr. President, I yield 2 additional minutes to the Senator from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 2 additional minutes.

Mr. COTTON. I thank the Senator from Illinois.

Mr. President, I repeat: The fact that the bill has to have some of those safeguards and restrictions shows how dangerous it is, and demonstrates the fact that the bill is fundamentally and basically unsound.

Mr. President, a little more than 1 year ago—in April of last year—the Senate acted on this original bill. At that time, under date of April 2, 1959, I wrote a report to my constituents in the State of New Hampshire. In the report, I summarized the features of this proposed legislation, and indicated some of the reasons why it should be opposed. I ask unanimous consent that that report by me may be printed in the RECORD, following my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

YOUR SENATOR REPORTS
(By NORRIS COTTON)

This week by a surprising close vote the Senate passed the so-called area redevelopment bill. The meat in that coconut is all

found in the word "area." By way of illustration, let me tell you the story of two States, New Hampshire and Michigan.

In 1935 the Amoskeag, largest cotton mill in the world employing 16,000 at its peak, closed its doors forever. Manchester, a one-industry city for more than a century, faced its darkest hour and won out by sheer grit and self-reliance. Manchester businessmen organized the Amoskeag Industries, took over the chain of mills, split them up, and went out after small plants. Between 1936 and 1952 they brought in 73 concerns employing approximately 11,000 people—without special inducements, tax exemptions, or Federal aid. When Textron pulled out of Nashua throwing 3,500 out of work, Nashua met its challenge the same way, bringing in 19 companies employing 3,700. Dover and many other communities have written a similar glorious chapter in their history. I wish space permitted me to name them all. They are healthier today than when they were at the mercy of one large industry, and this solid foundation adds new meaning to the name "Granite State."

Michigan, with its giant automotive industry, has long been a wealthy State, but it dissipated that wealth on lush, vote-getting welfare programs of every kind and variety. Modern methods produce more cars with less workers. Hence, unemployment has mounted. On February 15 Michigan went broke. Its State universities had to borrow from banks to heat their buildings and pay professors. That tragic date came to be called Collapse Day. Private enterprise finally came to the rescue by advancing \$35 million in taxes months ahead of their due date. Governor Williams' only solution is more borrowing and this area redevelopment bill—giving him Federal money to buy new industries.

Under this bill, New Hampshire, which tightened its belt and won its battle, could not qualify for a single cent of the \$400 million. Thanks to its own efforts, it doesn't have the required percentage of unemployment. On the contrary, we would pay our share to help attract new industries to Michigan, which wallowed in wealth and squandered its resources.

However, the main reason for opposing this bill is not because it siphons money from New Hampshire to aid Michigan. The bill is dead wrong in principle and in practice. The fact that its language tries to prevent using Federal money to pirate industries from one area to another shows that even its supporters know what is bound to happen. Every year we gladly place funds in the hands of the President for quick and generous help to any area stricken by earthquake, flood, or other catastrophe, but it will be a sad day when a new nest of bureaucrats in Washington (set up in this bill) use the long arm of the Federal Government to aid some areas at the expense of others. Furthermore, the minute \$1 of Federal funds is available to help get new industries, every community in this country will be after it. Self-reliance and frugality will go out the window, and the floodgates will be opened for a torrent of spending carrying with it all kinds of discrimination and favoritism. It is regrettable that the President opposes this bill on the amount rather than its principle, and many who voted against it this week might vote for a lesser sum. Why must we always be plunging into new fields of Federal spending under the old delusion that it's possible to be "a little bit pregnant?"

Members homeward bound for Easter display some misgivings for there are signs of revolt in the hinterlands against the congressional spending spree, particularly as April 15 draws near and income taxes are being computed. As a counterirritant, AFL-CIO is bringing 5,000 unemployed to Washington for a mass meeting as Congress returns. Unlike Coxey's army of 1894 and

the bonus marchers of 1932, who trudged on foot and slept in tents, they will travel comfortably by plane, train, or bus, and the tab will be picked up by the union.

This is a gentle reminder to the majorities in the 86th Congress who owe their election to labor and have not been quite as subservient as was expected. The depressed area bill had a narrow squeak. Unemployment benefits were extended but not set up as a permanent Federal dole. The demand increases for a labor rackets law with teeth in it. Most amazing of all is the proposal by two liberal Senators, Neuberger and CLARK, that this Congress hike taxes to pay for its new spending. This is rank heresy to those who want to sugar-coat the pill by more borrowing. Imagine suggesting that we stop taking paregoric and swallow castor oil.

Perhaps these young men are waking up to the fact that a government big enough to give you everything you want is big enough to take everything you've got.

Mr. COTTON. Mr. President, I yield back the remainder of the time available to me.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that at this time I may suggest the absence of a quorum, without having the time required therefor charged to the time available to either side under the agreement, and that I may have permission to withdraw the quorum call before it is concluded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOUGLAS. Mr. President, I yield 5 minutes to the Senator from West Virginia [Mr. RANDOLPH].

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 5 minutes.

Mr. RANDOLPH. Mr. President, the proposal before us is for a modest program of economic aid for areas of the Nation in which there exist the devastating problems of chronic unemployment. This measure has as its purpose the encouraging of local distressed communities to mobilize, with the aid of our Federal Government, for rehabilitation.

Last year, Mr. President, during the first session of this Congress, we passed S. 722, the area redevelopment bill. That measure was given the approval of the membership of this body after extensive hearings, voluminous testimony, and adequate debate on the floor of the Senate. I say the hearings were extensive; and I know that to be true, because they were conducted in many sections of the Nation. Some of them were held in West Virginia.

I had the privilege of being one of the cosponsors of Senate bill 722.

As we know, that measure was broader in its coverage, and called for the expenditure of a larger sum of money than does the bill which was passed the day before yesterday by the House of Representatives. But the measure, in the form before us at this time, is a meritorious and vital one.

I recall that I offered testimony at Beckley, the county seat of Raleigh County, in the heart of the coal-mining area of West Virginia. Tremendous tonnages of bituminous coal are produced in the area surrounding Beckley. Approximately 118 million tons of bituminous coal were mined there in 1959. About the same tonnage was produced in 1958. Yet the 1959 production was achieved with 7,000 less miners on the job than were employed in 1958.

That is the result of mechanization within this industry. That situation did not develop only in 1958 or 1959; it is the result of a long-continuing process.

In mentioning Raleigh County, I speak of an area where, today, perhaps as much as 27 percent of the labor force—eager to work—is unemployed.

There are other counties in West Virginia where these same percentages prevail.

In West Virginia the subcommittee of the Senate Banking and Currency Committee conducted the hearings to which I have referred. My diligent colleague from West Virginia, Senator ROBERT C. BYRD, was in charge of those hearings as a member of that committee. I participated actively, Mr. President, in the debate in this Chamber, because this is legislation of vital interest to the unemployed people of our labor surplus areas, and, in fact, to all of the people, approximately 2 million, in the State of West Virginia.

We know that if erosion takes place in one area of one State, that erosion probably will spill over into other areas in other States.

The PRESIDING OFFICER (Mr. COTTON in the chair). The time of the Senator from West Virginia has expired.

Mr. DOUGLAS. Mr. President, I yield such time to the Senator from West Virginia as he may require.

Mr. RANDOLPH. It was my privilege during the last few months, as a member of the Senate's Special Committee on Unemployment Problems, to conduct hearings in West Virginia last winter on these matters. I became more convinced that it is important for us to realize that problems growing out of unemployment constitute a responsibility which must be shared at all governmental levels—local, county, State, and Federal. We cannot set it apart; we cannot bracket this job to be done by any particular unit of government.

I repeat that the people of West Virginia are interested—desperately interested—in helping themselves. They are sturdy folk. These men, who are unemployed today, are just as hardy as were their fathers and their grandfathers; but they have been caught in a situation, little of which is of their making, but which is well known, and which has been explained before. There seems to be an overriding concern within the Congress today to face up to this problem.

There must be bold action, although certainly this is but a modest program of the total effort which must be made. The timid approach of the present Federal administration will not suffice. These are full-time obligations which the Congress must assume, and part-time

attention to this requirement is not enough.

I think it is important also to point out that the President of the United States, in his latest budget message, urged the Congress to authorize and appropriate billions of dollars to foreign nations. He said:

Through the mutual security program as a whole the United States helps promote stability and economic growth in less developed countries and helps strengthen the defense of the free world.

There is no doubt in my mind that the President is correct in that statement.

There should not be any doubt on the part of the President or any other official in public affairs that we must accept the same relative urgency as relates to programs right here in the United States which, as Mr. Eisenhower said about foreign aid, "will promote stability and economic growth."

How can we be expected to literally pour billions of dollars into countries abroad without doing everything within our power to do at least as much for our own people as the President would have us do for citizens of other lands?

The President also said, in his mutual security message:

I emphasize once again that, as we strive to build the kind of world in which America believes, our adversaries are not all included in the single word "communism." There are distress and privation as well, and also the desperation of peoples when they realize that, lacking outside help, they struggle in vain to better their lives. Widespread chaos and misery cannot provide a world climate in which our free Republic can prosper and remain secure.

Those were the words of the President of the United States in speaking of men and women of foreign countries. Why does he not speak as compassionately and act as forthrightly concerning those of our unfortunate fellow citizens in these United States who are victims of the factors and conditions which have compounded the problems of so many of our communities and turned them into distressed areas?

It is possible that "distress and privation" in foreign countries is more entitled to our sympathy than "distress and privation" at home?

The President is aggressively in favor of this country providing the "outside help" that is needed by desperate people overseas—but he apparently becomes ultra budget conscious when there is proposed by the representatives of the people in the Congress "outside help" for our own communities back home in the form of Federal loans and grants, technical assistance, and vocational retraining.

Mr. President, I hold in my hand an edition of the Charleston, W. Va., Gazette of Thursday morning, May 5. I read in the opening paragraph these words:

President Eisenhower has given assurances of lending a hand toward helping West Virginia with its economic troubles, Governor Underwood of West Virginia reported Wednesday from Washington after a conference with the President.

That discussion revolved around the legislation which we have under consideration here today.

I say again, let those of us who believe in this measure—and I trust we shall have a very substantial vote in favor of the passage of the proposal—give to the President not only the opportunity but the responsibility, of signing this proposed legislation into law, and then we shall see if the vow he has made will turn out to be a valid one.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. PROUTY in the chair). The Senator will state it.

Mr. JOHNSON of Texas. How much time remains?

The PRESIDING OFFICER. The Senator from Texas [Mr. JOHNSON] has 31 minutes. The Senator from Illinois [Mr. DIRKSEN] has 48 minutes.

Mr. JOHNSON of Texas. The Senator from Illinois does not appear to have Senators interested in this matter on his side, so I will yield 5 minutes to the very able Senator from West Virginia [Mr. BYRD]. Then I hope the other side will yield some time.

Mr. BYRD of West Virginia. Mr. President, Senate bill 722, the area redevelopment bill, was passed in the House of Representatives by a vote of 201 to 184. The responsibility now is with the Senate to approve the House version of the bill.

Although the bill passed by the other body provides for some \$138 million less than the original bill passed by the Senate, I feel that half a loaf is better than no loaf at all.

As passed by the House, the area redevelopment bill provides for \$251 million to help economically depressed areas; \$75 million will be provided in loans for urban industrial development, \$75 million in loans for rural area development, \$50 million in loans for construction of public facilities, \$35 million in grants for public facilities, \$4.5 million for technical assistance grants, \$10 million in grants to retain workers for new jobs, and \$1.5 million for vocational training grants.

On September 6, 1958, President Eisenhower vetoed Senate bill 3683, which provided the same assistance, generally, that Senate bill 722 would provide.

This type of legislation should not become partisan; yet the President himself has made it so with his adamant position.

The administration suggests \$53 million for area redevelopment. Just how far would \$53 million go in a program of this nature? That figure would not suffice in my State of West Virginia, exclusively. Is the administration aware of the depressed areas in our country? It would appear that it is not.

I realize fully that the plight of West Virginia has been aired frequently in the past month, but allow me, once again, to state that the situation is worsening in some sections of the country.

In 20 of 55 counties in my State, 15 percent or more of the citizenry receive

surplus food commodities. There is one county in which 19,000 persons or 41 percent of the population, are receiving these commodities.

Rehabilitation in an area where machines have replaced man is a necessity. For instance, this year in West Virginia, 40,000 men will extract the same amount of coal from the fertile fields of this natural resource as was extracted by 117,000 men 10 years ago. It is impossible to battle such cataclysmic changes without Federal aid.

Chronic unemployment in this country in serving as a brake on the economy. We, the most powerful nation on earth, must be prepared to combat the problem.

There are the humanitarian aspects of this bill, but from purely an economic standpoint the merits are evident also. This bill would cut down the inflationary process. It would promote productivity. Money put out by the Federal Government would come back later, with interest.

After a time the large sums that the Federal and State governments pay out in unemployment compensation would naturally be lessened if the people now drawing such payments were given work.

Welfare programs now burdening the Federal Government, not connected directly with unemployment, would also be somewhat reduced.

Thousand upon thousands of words have been said about the Area Redevelopment bill. They went for nothing in 1958. In 1960 there is, once again, the opportunity to allow the distressed areas to help themselves.

Productive communities, now lifeless, would be the result. Inhabitants of these depressed areas would have the responsibility themselves to make this bill work for them.

Mr. President, I feel that S. 722 embodies the plan which can adequately come to grips with the problem of depressed areas. As I said earlier, I am disappointed with the cutting of the \$138 million from the original figure in the Senate bill, but such legislation is needed so extremely and so urgently, I urge passage of the bill as it has been returned to this chamber.

The practicality, the feasibility, and the reasonability of the bill have not been erased. It would induce new vitality into areas of lingering joblessness.

Were the Senate to pass the House version of S. 722, the President of the United States would have within his power the opportunity to aid thousands of American citizens. Only his signature would be needed.

In the past, the administration has dourly complained of the cost of such legislation. This time it is my hope that it will pass up the price tag—knowing in advance—that a quality item, one of deep necessity, does not come inexpensively.

The people have spoken. The need for area redevelopment legislation is evident.

The depressed areas, where serious unemployment has existed for some time, are undergoing structural changes in their economies. Automation is resulting in a growing number of displaced workers, and there is a need for govern-

mental action. With this change to automation, in the long run, there will be greater prosperity. There will be better working conditions; but, we must be aware that the transition will work temporary hardships—hardships that should and can be eased by legislation such as the area redevelopment bill.

The administration has given lip service to the needs for area redevelopment legislation. As late as May 3, 1960, the President expressed the desire that a bill of this nature be sent to his desk.

This body should act quickly and positively.

I for one do not feel that a balanced budget is more important than that the people of this country have jobs, homes, and useful lives.

The Senate should put the stamp of approval on the area redevelopment bill returned to us from the House of Representatives, and the President should sign it immediately so that the unemployed thousands can work again.

The PRESIDING OFFICER. The time of the Senator from West Virginia has expired.

Mr. DOUGLAS. Mr. President, in view of the fact that the proponents of the bill have been taking most of the time, and the minority leader does not seem to have any speakers available in the Chamber, I hope the distinguished minority leader, my esteemed colleague, will take some of his time now.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. How much time remains?

The PRESIDING OFFICER. The Senator from Texas has 26 minutes remaining and the Senator from Illinois has 48 minutes remaining.

Mr. JOHNSON of Texas. 26 minutes and 48 minutes?

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from New York [Mr. JAVITS].

The PRESIDING OFFICER (Mr. CLARK in the chair). The Senator from New York is recognized for 5 minutes.

Mr. JAVITS. Mr. President, I have given very serious study to this bill, as it comes to us from the House of Representatives, because I am a member of the Committee on Banking and Currency.

In March of 1959, when the bill was under debate in the Senate, I gave it a

considerable amount of time and attention. It may be recalled, Mr. President, that I voted against the bill on the vote on passage at that time. The distinguished Senator from Connecticut and I sought to have the bill amended, in order to eliminate from it further the danger of raiding of the industries of large industrial States.

Mr. President, I would be less than true to my own conscience and to the interests of my State if I did not make my position very clear. We in the Senate occupy a dual position as Senators of the United States who are solicitous about its interests, and as Senators of our own States and solicitous about their interests. We must necessarily balance both interests.

Mr. President, I would be derelict in my duty if I did not state that though I now intend to support the measure—and I shall state my reasons for doing so—it is by no means wholly satisfactory. I think it is, however, a necessary step at this time under these circumstances.

I think it should be fairly said to those who may benefit from passage of this measure that if we face a situation where the measure is abused through the way in which it is used and an effort is made to unfairly load the situation in competition among the States, people like myself, I think, will be absolutely free to exercise their discretion in respect to appropriations, in view of the fact that we shall, by our votes, allow the measure to become substantive law so that appropriations may be requested.

Mr. President, I think it is important to point out that in States like my own the moderating and precautionary aspects of this plan may be invoked on appropriations, if it is abused and if it is not administered in accordance with its fundamentally substantive purpose.

After some soul-searching, I have decided to support the measure for the following reasons.

The measure has now been pending for a year in the other body. I served in the other body. Whatever may be the ways in which the other body works, it is now clear that this opportunity must be taken advantage of, if the bill is reasonable at all or remotely reasonable, in order to send a measure to the President for signature. If the bill should be sent back to the other body, it will unquestionably mean we shall again have to run the same gauntlet, and we shall be delayed for a year, probably, until the next Congress, before the matter will have to be started all over again.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. Mr. President, will the Senator yield me 2 more minutes?

Mr. DIRKSEN. I yield 2 additional minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 additional minutes.

Mr. JAVITS. Mr. President, I am disappointed in the fact that the measure still permits loans to be made for machinery and equipment, something to which the Senator from Connecticut and I strongly objected. I note, however, that the amounts involved have been very considerably reduced. I cannot see how any administrator could afford to devote anything to machinery and equipment in the handling of the bill, so I think perhaps the objections I have might be dealt with in the practicalities of the situation.

The same is true with respect to the 65 percent of loan capability, which I think is much too high and which I felt should be 50 percent.

So in respect to the machinery and equipment factor; the 65 percent of loan factor; and, notwithstanding the two antiraiding provisions, still the possibility that some raiding may be attempted, I found myself in a difficult state of mind about the bill. On balance, considering the fact that the amount has been reduced and considering the fact that those of us who feel it is very essential to deal with rehabilitation and improvement in world areas must of necessity and in good conscience give our attention to domestic areas of persistent unemployment, I believe the bill is entitled to support.

Mr. President, I shall support the bill.

Mr. JAVITS subsequently said: Mr. President, I ask unanimous consent that there may be included in the RECORD as a part of my remarks the comparison of the areas in New York which will be affected by the bill as it came over to us from the House, as compared to the effect upon similar areas by the bill as passed by the Senate. I call attention to the fact that this was the question raised by the Scott amendment at the time it was debated in the Senate. I, as well as my distinguished colleague from New York, supported that amendment.

There being no objection, the comparison was ordered to be printed in the RECORD, as follows:

Tentative list of areas in New York State that may qualify for Federal assistance as areas with substantial and persistent unemployment under various legislative proposals, March 1960

MAJOR AREAS

Administration bill	S. 722 as passed by House	S. 722 as passed by Senate	Administration bill	S. 722 as passed by House	S. 722 as passed by Senate
(No major areas)	(4 major areas)	(No major areas)	(No major areas)	(4 major areas)	(No major areas)
	Albany-Schenectady-Troy Buffalo			New York City Utica-Rome	

Tentative list of areas in New York State that may qualify for Federal assistance as areas with substantial and persistent unemployment under various legislative proposals, March 1960—Continued

SMALLER AREAS

Administration bill	S. 722 as passed by House	S. 722 as passed by Senate	Administration bill	S. 722 as passed by House	S. 722 as passed by Senate
(3 smaller areas)	(16 smaller areas)	(3 smaller areas)	(3 smaller areas)	(16 smaller areas)	(3 smaller areas)
Amsterdam.....	Amsterdam.....	Amsterdam.....	-----	Newburgh-Middletown-Beacon.....	-----
Auburn.....	Auburn.....	Auburn.....	-----	Ogdensburg-Massena-Malone.....	-----
-----	Batavia.....	-----	-----	Olean-Salamanca.....	-----
-----	Corning-Horrell.....	-----	-----	Oneida.....	-----
-----	Elmire.....	-----	-----	Plattsburgh.....	-----
-----	Glens Falls-Hudson Falls.....	-----	-----	Watertown.....	-----
Gloversville.....	Gloversville.....	Gloversville.....	-----	Wellsville.....	-----
-----	Jamestown-Dunkirk.....	-----	-----	-----	-----
-----	Kingston.....	-----	-----	-----	-----

Source: U.S. Department of Labor, Bureau of Employment Security.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from Vermont [Mr. PROUTY].

The PRESIDING OFFICER. The Senator from Vermont is recognized for 5 minutes.

Mr. PROUTY. Mr. President, I believe that my State will receive no benefits whatsoever under this legislative proposal, but I would not oppose the bill on that ground. I think as a U.S. Senator it is my responsibility to be concerned with problems at the national level and wherever they exist in the country. I point out, Mr. President, that as a member of the Special Committee on Unemployment Problems I collaborated in drafting minority views with the distinguished Senator from Kentucky [Mr. COOPER] and the distinguished Senator from Pennsylvania [Mr. SCOTT].

We devoted considerable time and thought to this problem—and I must confess that it is a problem, and one which gives me no little concern. I believe it is a problem which cannot be solved entirely at State and local levels. There must be Federal participation and Federal assistance.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks' chapter 3 of the minority views in the report of the Special Committee on Unemployment Problems, entitled "Economic Aid to Distressed Areas."

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

CHAPTER III. ECONOMIC AID TO DISTRESSED AREAS

The minority agree with the conclusion that "no single remedy will cure the deep-rooted problems of chronic unemployment and underdevelopment." However, the report as it now stands offers no remedies that are new, nor does it list all the remedies that are possible.

If the committee really desires the passage of a bill, it might be desirable at least to outline the basic points which are essential for the beginning of such a program. In vetoing the area redevelopment bill which was passed by the 85th Congress, the President cited a number of specific objections, many of which remain in the legislation as it passed the Senate in the 86th Congress, and an effort should be made to meet some of these objections in order to evolve a practical program and to assure the passage of a bill in this session.

Comments on essential points to be included in legislation, with comments on possible changes from various existing proposals, are noted below:

1. SCOPE OF FEDERAL AID TO LABOR SURPLUS AREAS

In general, the Federal aid provided should be restricted to a limited number of areas with truly chronic unemployment, including rural areas, so that the aid which can be given will be effective, rather than be so thinly spread as to be wasted.

2. URBAN AREAS

The amount of unemployment which would qualify an area for industrial loans could vary with the national level of unemployment, thus defining specific areas having separate problems. During a recession Federal activity is essential, but it should be broad gaged. The distressed area program should be geared to the specific problem of longrun chronic unemployment.

It is important, therefore, that flexible criteria be the basis for legislation. The nature of the criteria for eligibility of areas for industrial loans constituted one of the principal reasons for the President's veto of the earlier legislation.

3. RURAL AREAS

It is absolutely essential that assistance be provided for rural areas. Many of the coal-mining areas are in this category.

Numerous witnesses testified to the gravity of unemployment and underemployment in rural areas. Moreover, studies by the Department of Labor and the Department of Agriculture indicate that the number of farm jobs required in the 1960's will decline further, as they have in the last three decades. If many of the people now living on farms, and especially the young people, are to find a livelihood without moving out of the area it will be necessary to develop industrial activity. This is widely recognized. Work is underway through the rural development program of the Department of Agriculture to improve the situation in these areas, but that program is primarily oriented to agriculture and makes no provision either for technical assistance or for loans for industrial development. Therefore, the minority believe that aid to rural as well as urban areas is essential to the attack on the problem of chronic unemployment.

We recommend that the Secretary of Agriculture and the Secretary of Labor be authorized to develop more effective measures for the identification of chronically depressed rural areas, within a broad provision indicating that they are to be selected from low-income areas with high levels of unemployment and underemployment.

4. PUBLIC FACILITIES

Public facilities are often the real bar to local redevelopment, whether the lack be sewers, a good water supply, access roads, or other public facilities. There is ample evidence that, next to technical assistance for planning an economic redevelopment program, especially in small towns and rural areas, adequate public facilities are most urgent. Many communities can and do finance such improvements, but others do not

have credit to do the job by themselves. The minority believe that some aid of this kind is absolutely essential, particularly in the rural program, and further suggests that there is more which should be done by the States than has so far been achieved.

The administration has opposed grants, for local public facilities, as well as the provision for such loans through a new area redevelopment agency. It has proposed, instead, that the existing facilities of HHFA be used to make loans of this kind, with the provision that first priority be given to processing applications for projects in redevelopment areas. The HHFA has already made loans amounting to close to \$100 million for facilities, all to communities of 10,000 population or under, and is presently seeking authorization for an additional \$100 million. The minority recommend that a legislative solution be sought along these lines, in order to avoid setting up still another Federal lending agency. Since loans for public facilities appear to be essential for the redevelopment of some areas, notably the smaller areas whose credit is not sufficiently good to float bonds for major improvements, a satisfactory solution is important.

5. INDUSTRIAL LOANS

There is general agreement that loans for the construction of industrial facilities are essential to this program. There has been disagreement on the amounts which should be authorized.

The President has again urged passage of area redevelopment legislation, and has included \$50 million for industrial redevelopment loans in the budget for fiscal 1961.

While the minority believe a larger authorization than \$50 million is needed for this program, the main thing is to make a start. Time is required to organize an agency, to qualify areas, to provide technical assistance, for communities to develop suitable local economic development plans and to have them approved by an appropriate State authority, to negotiate for loans, etc. Not all industrial areas that would qualify under the administration bill have redevelopment plans; not all such areas want Federal loans, as testimony before this committee indicates.

6. CONTINUED NEED FOR AREA REDEVELOPMENT LEGISLATION

There is no fundamental difference of opinion as to the continuing need for economic assistance to depressed areas throughout the country.

In all of the affected communities which your committee visited during the hearings, there were repeated pleas for development loans, for technical planning, for projects whereby the community could attract new industry and improve its opportunities for a share in the national prosperity.

Unemployment in some areas has reached as high as 16 percent of the labor force, and has persisted at high levels for long periods of time. In other areas opportunities for

employment simply do not exist, and the stultifying effects are equally apparent. These are not temporary maladjustments, but continuing problems of economic distress.

Technological changes, migration of industry, shifts in demand, depletion of resources all have contributed to the complexity of the situation. But whatever the cause, we cannot be healthy as a nation with sagging pockets of unemployment and underemployment as unpleasant reminders of our lack of action and inability to set our economic house in order.

Depressed areas are an expensive burden which our country cannot afford to carry. Not only is the individual deprived of his right to livelihood, but our national cash register must suffer accordingly.

A greater part of our country is enjoying a high degree of prosperity, with indications that we will forge ahead to even greater business and economic growth. For certain areas and communities to be caught in the backwash of this tide, through no fault of their own, is a national hazard.

We need the active participation of every American citizen in our national welfare. We must extend to these areas of continued depressed conditions the financial and technical assistance needed to put themselves back on the track.

It is a matter of prime importance to the work of this committee that an area redevelopment bill be enacted and the program launched this year with sufficient means for stimulating local effort.

7. TECHNICAL ASSISTANCE

Technical assistance must have a very high priority in any distressed areas legislation, everyone is agreed. If charges are considered, the minority believe that even greater stress should be placed upon this feature. It is especially important for rural areas and very small communities.

8. VOCATIONAL TRAINING

Great emphasis is placed upon vocational training in the present report, and this is highly advisable. All bills relating to area redevelopment contain some provision for vocational training, and the Senate measure makes it clear that training other than conventional vocational education is involved. Training includes such important programs as apprenticeship training and on-the-job training, both of which, in practice, are much more closely related to acquiring skills that will lead to reemployment, since this training would be directed to the needs of particular industries.

However, none of the bills presently under consideration indicates that the prospective reemployment for which training is being given need necessarily be in a distressed area, since some people will presumably be moving from this area. Nor does any bill make provision for transporting persons to places of training or retraining. A special allotment for needed training facilities might well be provided through a grant, to be handled by the agency operating the local program. At the Federal level, HEW might administer the financial aid for training, after consultation with the Department of Labor on needed types of training. A specific provision of \$1,500,000 for this purpose is made in the bill reported out by the House Committee on Banking and Currency, and is favored by the minority.

9. SUBSISTENCE PAYMENTS DURING RETRAINING

Both the Senate-passed and the proposed House bill include a provision for grants to States in an amount of \$10 million for subsistence payments to unemployed persons not receiving unemployment insurance benefits but certified as undergoing vocational training or retraining. Under present rules, an unemployed person, otherwise eligible, who decides to take training is considered in-

eligible for unemployment compensation since he is not available for work while undergoing training. This penalizes the person with the initiative to undertake a training program. There is, therefore, considerable merit in retraining subsistence payments. However, it is regarded as undesirable that these should be administered by the unemployment compensation services.

It is therefore recommended that a local authority, preferably an educational authority or the local director of the redevelopment program, administer these grants, which would be related in amount to what the individuals would be entitled to under the State unemployment compensation system. A specific authorization of funds, on the order of \$5 million, for payments for training and grants to States for administering should be provided.

10. RURAL DEVELOPMENT PROGRAM

Inadequate attention is given by the majority to the rural development program in connection with the proposals for area redevelopment. This whole subject deserves more emphasis. There is no doubt that there are many rural areas in which income from farming is very small and where there is considerable underemployment or unemployment.

As noted elsewhere, the number of jobs available in agriculture has declined steadily and will decline during the 1960's. Department of Labor estimates, indicate another decline, this time of approximately 17 percent, between 1960 and 1970. In the circumstances, the emphasis of the rural development program should be directed not merely toward assisting farmers to improve their incomes, although this is useful, but toward assisting the development of these areas along industrial lines, and the education and training of young people to take their places in an industrial society, and aid in placing persons displaced in rural areas in suitable jobs. The following recommendations are made along these lines:

(1) Substantial stepping up of the services of the U.S. Employment Service and its affiliated employment services in rural areas, not necessarily through the location of new offices but through three phases of their program:

(a) Registration for job applications—with traveling representatives going to small towns on a regular basis;

(b) Work with the rural schools to provide better occupational information for young people on future occupations together with testing and counseling services for those going into the labor market, similar to the services now provided in urban areas;

(c) Extension to more areas of the valuable skill surveys made by the State employment security agencies under the guidance of the Bureau of Employment Security, on the skills of the people in these areas. Similar surveys have been helpful, as in the Lawrence, Mass., area, in attracting new industry. It is reported by the Department of Labor that some 36 States have made or are currently making area skill surveys. Among the larger States which are active in this field are a number with areas of substantial labor surplus, including Illinois, Michigan, Pennsylvania, and West Virginia. The availability of manpower is one sound basis for attracting industry to an area. It is, therefore, recommended that the Department of Labor, through the Bureau of Employment Security, working with the States in which there are areas of substantial labor surplus, such as would qualify for area redevelopment assistance, expand its program for making these skill surveys and give priority to areas of labor surplus.

The Department of Labor and four of its cooperating State agencies now have an experimental rural program in process, as a part of the regular Employment Service ac-

tivities. Working with the Department of Agriculture, the Department of Labor, and the staff of the Extension Service and the State employment services have arranged for experimental projects in Kentucky, Tennessee, Arkansas, and Wisconsin, involving skill surveys, the promotion of nonfarm jobs, placement, testing, and counseling of workers and potential workers in the area. All of these States have active rural development committees.

The Department of Labor prepared technical guidelines for a group of surveys for appraising the occupational potential of these areas, and the State agency has surveyed the population in the selected counties and has taken applications for placement, and has prepared a report on the economic base of the area. In one of these countries, Adair County in Kentucky, a new garment factory has been opened, employing 75 persons, and may later employ 125. Its establishment was in part the result of the availability of evidence that suitable manpower could be found in this area.

It is anticipated that a full report on the work of these experimental studies will be available in the spring, and that by early summer the Department of Labor will have a proposal for a more active program in rural areas. The minority recommended that the committee request the Secretary of Labor to expedite plans for an active program in rural areas for counseling, testing, and placement.

11. A COORDINATED ATTACK ON THE DEPRESSED AREA PROBLEM

Insufficient attention is paid in the majority report to the important activities already being carried out by the Federal Government, which, if more effectively coordinated, would be of great help to areas in need of redevelopment. A bill along these lines (S. 2730) was introduced by Senator COOPER in the 1st session of the 86th Congress, providing for an interagency committee to prepare coordinated programs for the development of areas in need of redevelopment.

In December 1959 an Interdepartmental Committee To Coordinate Federal Area Assistance Programs was appointed by the President. The members of the committee include the Under Secretary of Commerce, Chairman; the Deputy Postmaster General; the Under Secretary of Interior; the Under Secretary of Agriculture; the Under Secretary of Labor; the Under Secretary of Health, Education, and Welfare; the Assistant Secretary of Defense (Supply and Logistics); the Administrator of the General Services Administration; the Administrator of the Federal Aviation Agency; the Administrator of the Small Business Administration; the Administrator of the Housing and Home Finance Agency; the Director of the Office of Civil and Defense Mobilization; the Special Assistant to the President for Public Works; and a member of the Council of Economic Advisers.

This Committee is working with the long-established Committee for Rural Development Programs.

The Committee, which began operations in December 1959, has prepared a report on the activities of the Federal agencies. The record of assistance by the Department of Commerce, the Department of Labor, and other agencies is quite impressive. We understand that this Committee has already sent a task force into one coal-mining area in Pennsylvania (Tamaqua) where there has been a large layoff, to aid in working out a local program. This effort should go much further. More task forces should be sent into distressed areas to work out specific activities through coordinated use of existing Federal programs, where possible, along the lines proposed by Senator COOPER.

The Interdepartmental Committee To Coordinate Federal Area Assistance Programs is

a step in the right direction, and the minority recommend that it be given statutory authority in connection with any area redevelopment program which is passed. It is clear that such a committee would be needed even if there were a new area redevelopment authority.

12. SMALL BUSINESS ADMINISTRATION AID

The Small Business Administration also has a community development program which offers aid to local development companies in the form of loans for the cost of planned new factory buildings or their conversion or expansion, as well as various forms of technical assistance, in addition to its regular loans to small business. These services are not confined to labor-surplus areas, but requests for projects in such areas are given priority in processing. The Small Business Administrator indicates that 37 loans aggregating \$4,280,000 were made to community development companies in 1959 and 1960 through March 21. Loans are also made to State development companies. So far, one such loan, for \$314,000 to Rhode Island, has been approved. We urge increased activity by the Small Business Administration in its community development program.

13. PREFERENTIAL FEDERAL PURCHASING AND CONTRACTING

For a number of years the Federal Government has followed an official policy of encouraging the placing of defense contracts and facilities in areas where there is a surplus of labor. It has diverted a portion of defense contracts into areas of substantial unemployment or to industries which are depressed, on a preferential basis, to the extent that facilities are available and the bids are competitive. It has also paid particular attention to the effects of employment cutbacks, giving advance notice to the Employment Service.

The most important of the programs for preferential procurement operates under Defense Manpower Policy No. 4. Under this policy, \$14 billion in contract awards have gone to labor-surplus areas from January 1, 1958, to January 1, 1960. This total includes many awards which would have gone into these labor-surplus areas in any case. Of the total, \$144,600,000 have gone to areas of labor surplus specifically as a result of preferential treatment. These figures include contracts of \$10,000 and over for defense supplies and services and construction.

Prior to January 1, 1958, records were kept only of contracts of \$25,000 and over and only for supplies and equipment. In the period between July 1, 1952, and January 1, 1958, these figures show a total of \$4 billion in awards to surplus areas generally, of which \$95 million were awarded on a preferential basis.

Early in 1958 when a business recession was on, the Assistant Secretary of Defense, as indicated in testimony by his representative before this committee, took several actions to give emphasis to this program. He inserted a clause in supply contracts of \$5,000 and over, in which the contractor agreed to use his efforts to place subcontracts with firms in areas of substantial labor surplus, and policy decisions were taken that where there was a choice between making a set-aside for small business and a set-aside for firms in labor surplus areas, the labor surplus area would be given preference. The record shows that the volume of preference awards rose considerably after these actions were taken.

While these amounts are not a large share of the defense budget, defense contracts can be very important to surplus labor communities, particularly smaller communities. Although the minority is of the opinion that the Government services concerned are making conscientious and continuing efforts under existing regulations to give

special attention to labor surplus areas, we believe that the dollars spent in these areas by the Federal Government could be increased if the policy is extended beyond the procurement of defense supplies and services and construction per se.

RECOMMENDATIONS

We therefore recommend that—

1. The Federal Government direct all Federal agencies, defense and otherwise, either through Executive order or by legislation, to give preferential treatment to areas of substantial labor surplus in their purchasing and contracting, under preferential policies affecting contracts of substantial size similar to those in Defense Manpower Policy No. 4.

2. Federal agencies should be directed, when locating or expanding or curtailing employment outside Washington, to give special consideration to putting new installations in areas of substantial labor surplus. This applies both to defense and other Government agencies and facilities.

New defense installations are being dispersed; so are special installations for manufacture of new weapons. There is every reason to put such installations where there is surplus civilian labor to aid in their construction and to man the civilian-type services. It would be advantageous to the military and to the area.

On the civilian side of governmental activities, it is also good policy to decentralize certain functions—notably clerical functions—outside of Washington. Instead of crowding these offices into huge, congested areas where labor is scarce, they could well be erected or leased in lower cost areas where labor is available.

Excellent examples are the Internal Revenue office for tabulation of income tax returns in Lawrence, Mass., with 400-500 employees; the office for the tabulation of the Census of Population of 1960 in Jeffersonville, Ind., in the Louisville, Ky., area, with 600-1,500 employees. This was formerly a large ordnance facility. In addition, the Census Department has arranged for clerical work on the Census of Agriculture of 1954 in Pittsburg, Kans., a labor surplus area, which is now a district office. The Census of Agriculture of 1959 is being tabulated in Parsons, Kans., and this installation will be converted into a national headquarters.

The Atomic Energy Commission was instrumental in securing locations of plants of its contractors in labor surplus areas in the Korean period—for example, the plant in Portsmouth, Ohio, and the Union Carbide & Carbon plant in Paducah, Ky. These actions were taken on the initiative of the agencies concerned, with surveys by the Department of Labor's Bureau of Employment Security and its affiliated State agencies to assure a location where there was an adequate labor supply. It is this kind of activity which we believe should be pursued more systematically by the Federal Government, and especially by the Department of Defense. Although the Department of Defense follows a policy of notification where installations are being curtailed, we believe that more could be done on a positive approach to this problem. Positive action to explore other governmental uses of these facilities should be taken prior to announcement of decision to curtail.

3. The Secretary of Labor be asked to give consideration to changing the present definition of "labor surplus areas" for purposes of Defense Manpower Policy No. 4 and similar programs, to make more restrictive the list of areas qualified to receive preference in Federal purchases so that a larger share of purchases will go into areas of truly chronic unemployment.

In the recession of 1957-58, unemployment rose above 6 percent for several months. In consequence, many major labor market areas qualified for preferential treatment

under Defense Manpower Policy No. 4. For example, in mid-1958, at the trough of the most recent recession, 89 out of 149 major labor market areas, with over 70 percent of the total labor force in these areas, had unemployment above 6 percent and were eligible for preferential treatment. These included such major areas as Detroit and Philadelphia.

The minority believe that the test for qualification of areas receiving special preferential treatment should rise or fall with the national average rate of unemployment, and that in periods of recession a higher minimum rate should be established. This principle was established in the qualifications for cities eligible for loans under the Area Redevelopment Act which was passed by the Senate in the 1st session of the 86th Congress (S. 722). It is requested that special study be given to effecting this change in a period of prosperity such as the present, so that regulations will be well understood in advance of any possible rise in unemployment in future years.

Mr. PROUTY. Mr. President, I believe that that statement represents a sympathetic and objective approach to this problem, and I hope Members of the Senate will take time to read it, either in the report or in the CONGRESSIONAL RECORD.

In the report of the Special Committee on Unemployment Problems, the minority recommended that the Secretary of Labor give consideration to changing the present definition of "labor surplus areas" for purposes of Defense Manpower Policy No. 4 and similar programs to make more restrictive the list of areas qualified to receive preference in Federal purchases so that a larger share of purchases will go into areas of truly chronic unemployment. For example, in mid-1958, at the trough of the most recent recession, 89 out of 149 major labor market areas, with over 70 percent of the total labor force in these areas, had unemployment above 6 percent and were eligible for preferential treatment. These included such major areas as Detroit and Philadelphia.

I believe that the test for qualification of areas receiving special preferential treatment should rise or fall with the national average rate of unemployment, and that in periods of recession a higher minimum rate should be established.

This principle was embodied in the Senate-passed bill, S. 722, but it is conspicuously absent from the House-passed version of this legislation.

Area redevelopment proposals are designed to help hard-core depressed areas. I have right here with me a list of industrial areas which would qualify for help under the House distortion of the Senate bill. This amended proposal would qualify 44 major industrial areas notwithstanding the fact that 9 out of 10 of the major industrial areas in the United States show employment totals greater than a year ago. Let us take a look at some of the major areas that will qualify for money under this bill even though they have less than 6 percent unemployment now. These areas are New York City; Philadelphia; Newark, N.J.; York, Pa.; Corpus Christi, Tex.; Worcester, Mass.; Trenton, N.J.; Paterson, N.J.; Birmingham, Ala.; and Portland, Maine.

The criteria in both the Senate-passed bill, S. 722, and the criteria in the administration bill were so drafted as to insure that the bulk of money would go to the truly depressed areas that have a long-range problem to solve. The Douglas bill would qualify 19 major areas; the administration bill, 16 major areas. Contrast these realistic assessments of what constitutes a depressed area with the results of the criteria of the House proposal which would qualify right now 44 major areas.

Why does the House bill produce such weird consequences? The principal reason is that one of its criteria for determining a depressed area is an unemployment rate of 6 percent in 18 out of the last 24 months. Anytime we have the slightest recession practically every industrial area in the country will be eligible for help and this will spread the money so thin that hard-core depressed areas for whom the bill is really intended would get practically nothing.

Up to this point, I have spoken principally about industrial redevelopment areas. Now let us turn our attention to the rural development situation. The House bill purportedly attempts to set up a rural development program which will allegedly aid farming areas by bringing industry to these rural counties. Here again we find that the criteria are almost fictional in concept and have no relationship whatsoever to reality.

The bill calls for a \$75 million plant loan fund. This is enough money to start a real substantial program. But here again it isn't the amount of money that's bad, it's how the money will be distributed under the poorly drawn criteria.

Seventy-five million dollars will have to be spread thinly across 663 eligible counties. When you split up this fund by the 663 counties, you end up with 23 new jobs per county. This calculation is based on testimony to the effect that it takes about \$5,000 to create a new job.

Those who support the criteria in the House bill are faced with this dilemma. The first horn of the dilemma is that either everyone of the 663 counties eligible for rural development may well get funds to the loss and serious detriment of chronically depressed areas such as those in West Virginia or, and this is the second prong of the dilemma, only truly depressed areas will get the money if the bill is administered properly and the hundreds of counties that are made eligible by the bill will have been misled to believe that they are going to get Federal money when, in fact, they are not.

I do not agree with all the elements in the Senate bill. In particular, I disagree with the procedures which call for borrowing money from the Treasury rather than using the appropriation process, but I must say that the Senator from Illinois [Mr. DOUGLAS], and his colleagues on the Banking and Currency Committee, did have the good sense to realize that the legislation that is needed is legislation to help depressed areas and that we will be hurting rather than helping depressed areas if we spread the money so thinly that the truly troubled

areas, such as those in West Virginia and Kentucky, will get virtually nothing.

I shall vote against the bill for two principal reasons. First, I object, as a matter of principle, to legislation of this kind and of this importance being brought up on such short notice and under such restricted time for debate. The House acted on this measure only 2 days ago. This morning I called the staff of the Committee on Labor and Public Welfare, and asked them to give me a comparison of the House amendment and the Senate bill, which was passed some time ago. They said, "We have not had sufficient time to do that." Up to this time I have not received a report from the staff members of the Labor and Public Welfare Committee on the Senate side.

Second, I shall oppose the bill, because I think we are developing a political issue rather than a program. I think we can all take it for granted that this bill will not be approved by President Eisenhower, and that the veto will not be overridden. The margin in the House was only 17 votes, I believe.

If more time had been provided, it might have been possible to arrive at a compromise with the White House, which would have resulted in the enactment of legislation bringing into being a realistic, worthwhile program. I know that the men and women who are suffering hardship and privation in the distressed areas want a program rather than an issue.

That is the second reason why I shall vote against the bill today, even though in principle I believe the Federal Government should participate in programs of this nature.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. PROUTY. I yield.

Mr. DOUGLAS. I esteem the Senator from Vermont very highly; but is it not his opinion, as a member of the Special Committee on Unemployment, that more than \$50 million is needed for this program?

Mr. PROUTY. I do believe that more than \$50 million is required.

Mr. DOUGLAS. The President's program calls for only \$50 million, and the House amendment to the bill provides for \$253 million.

Mr. PROUTY. Let me say to the Senator from Illinois that I think it is a possibility, at least, that the President might have approved a higher figure than the one originally suggested in the budget. I believe that a figure of \$100 million, \$125 million, or even \$150 million might have received Presidential approval. I have no authority for that statement, but I know that I and others on this side would have exerted great effort to persuade the President that more funds were needed, provided a more realistic and equitable formula for distribution had been conceived.

To repeat, what is being developed here now is a political issue instead of a program to alleviate suffering and hardship on the part of many people in the distressed areas.

Mr. President, I yield back the remainder of my time.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from Pennsylvania [Mr. SCOTT].

Mr. SCOTT. Mr. President, this bill is an authorization bill only. The factor of Treasury financing is no longer in it. The bill would have no impact upon the 1960-61 budget. It would require at least 6 months to implement the bill, I am advised by departmental agencies. We could not get an appropriation until next year. Therefore, in my judgment, this particular bill would not run counter to the objections which we have heard from the executive department, as to impact upon the current budget.

It is my intention to offer an amendment to the pending bill, in the nature of a substitute, if the parliamentary situation will permit. My amendment contains the language of an amendment offered by Representative VAN ZANDT, of Pennsylvania, when Senate bill 722 was before the House of Representatives on May 4.

I realize that favorable action on the motion to concur, as provided in the consent agreement, would preclude my being able to offer a substitute amendment, unless, of course, the motion should fail. For that reason I wish to discuss very briefly my reasons for attempting to submit substitute language.

My first consideration is that the Senate pass an area redevelopment bill that will have a better chance of avoiding a Presidential veto. That has been my purpose since first introducing an area redevelopment bill, Senate bill 268, in the 1st session of the 86th Congress.

As Senate bill 722 was passed by the Senate, it contained a formula for determining unemployment areas which would have limited the application of the benefits to major areas of chronic and persistent unemployment. S. 722, as it passed the House, and is now before us, contains a considerably expanded formula, which would dilute the funds to the point where the eligible communities—and this is particularly true in Pennsylvania—would not receive sufficient assistance to be effective.

One of the reasons for the veto of the earlier legislation, in 1958, was the inclusion of areas not affected by chronic unemployment. If we could substitute a formula which would cut down the coverage to those communities of proven need, I feel sure we would improve the chances for having an Area Redevelopment Act finally approved.

There are other features of S. 722 which I believe would also be improved by the amendment I would hope to offer.

I ask unanimous consent to have printed in the RECORD at this point a comparison of the features of the cost of S. 722 as passed by the Senate, S. 722 as passed by the House, and the Scott-Van Zandt amendment; also a brief analysis of the substitute amendment.

There being no objection, the comparison, summary, and analysis, were ordered to be printed in the RECORD, as follows:

Comparison—Area redevelopment bills

Subject	S. 722 as passed Senate	S. 722 as passed House	Scott-Van Zandt amendment
Organization.....	Separate area redevelopment administration....	Separate area redevelopment administration.	Department of Commerce with Administrator equal to Assistant Secretary.
Division of redevelopment areas..	Administrator to designate 2 types: Industrial—having substantial and persistent unemployment. Rural—large percentage of low-income families, and substantial unemployment and underemployment.	Same as Senate version.....	Secretary authorized to make grants for technical assistance, industrial loans, and public facility grants to assist areas of substantial and persistent unemployment, designated by Labor Department. Also to assist rural areas to develop manufacturing, processing, and service activities to supplement agricultural.
Revolving fund loans	Borrowed from treasury	Appropriated	Appropriated
Industrial.....	\$100,000,000.....	\$75,000,000.....	\$100,000,000.
Rural.....	\$100,000,000.....	\$75,000,000.....	None specified.
Public facilities.....	\$100,000,000.....	\$50,000,000.....	\$25,000,000.
Federal participation in loans..	65 percent.....	65 percent.....	33½ percent in class I area, 50 percent in class II area, 75 percent in class III area.
Maximum loan period.....	30 years (possible extension to 40).....	40 years; permits loans up to full amount of project cost, and omits requirement of ten percent State contribution.	25 years (possible extension 10 years); not less than 15 percent participation by State, agency instrumentality, etc.
Grants for public facilities.....	\$75,000,000.....	\$35,000,000.....	\$25,000,000; Federal participation: 33½ percent class II areas, 75 percent class III areas.
Retraining subsistence payments.	\$10,000,000.....	\$10,000,000.....	\$5,000,000.
Vocational training grants.....	Not specified.....	\$1,500,000.....	Secretary of Labor to determine vocational training or retraining needs. Secretary HEW to provide assistance, and if necessary financial assistance to State vocational education agency. May also provide through public or private educational institutions.
Technical assistance.....	\$4,500,000.....	\$4,500,000.....	\$3,000,000.
Criteria of unemployment.....	6 percent throughout qualifying period (below) and, 50 percent above national average for 3 of 4 years preceding, or 75 percent above national average for 2 of 3 years preceding, or 100 percent above national average for 1 of 2 years preceding.	12 percent for 12 months preceding, or 9 percent for 15 of 18 months preceding, or 6 percent for 18 of 24 months preceding.	6 percent throughout qualifying period (below) and, 50 percent above national average for 4 out of 5 years preceding in class I areas, or 75 percent above national average for 3 out of 4 years preceding in class II areas, or 100 percent above national average for 2 out of 3 years preceding in class III areas.
Rate of interest on loans.....	Maximum permitted would come to about 4½ percent.	Maximum permitted, 2½ percent.....	To be determined by Secretary based on going rates.

SUMMARY—PRINCIPAL FEATURES

Subject	S. 722 as passed Senate	S. 722 as passed House	Scott-Van Zandt amendment	Subject	S. 722 as passed Senate	S. 722 as passed House	Scott-Van Zandt amendment
Industrial loans.....	100,000,000	75,000,000	100,000,000	Vocational training grants.....	(1)	1,500,000	(1)
Rural loans.....	100,000,000	75,000,000	None	Technical assistance.....	4,500,000	4,500,000	3,000,000
Public facility loans.....	100,000,000	50,000,000	25,000,000				
Public facility grants.....	75,000,000	35,000,000	25,000,000	Total.....	389,500,000	251,000,000	158,000,000
Retraining subsistence payments.....	10,000,000	10,000,000	5,000,000				

(1) Not specified.

BRIEF ANALYSIS OF THE SCOTT-VAN ZANDT SUBSTITUTE AMENDMENT

Briefly, the substitute proposal provides for the following:

First. Technical assistance: Depressed areas would be eligible for technical assistance to help the communities to appraise their physical and human resources, which would prepare them to plan constructive programs to attract new businesses and expand existing businesses in these areas.

Second. Community loans: Depressed communities would be eligible to receive loans from a revolving fund of \$100 million.

We know that conventional lending facilities in depressed areas are not as venturesome as those in growing and expanding communities.

The fund would put the depressed areas on a more equal footing with other communities in attracting new jobs.

Third. Public facilities: Some communities need improvement in public facilities before they would become sufficiently attractive to new businesses which might desire to locate in these areas.

The amendment provides for an establishment of a \$25 million revolving fund from which these communities would be able to borrow.

While the figure may appear modest, attention is called to the fact that legislation

is pending which would establish special funds for community facilities.

Meanwhile, under the amendment a smaller fund would be allocated and earmarked to aid depressed areas.

In addition, the most depressed communities which do not have the sufficient resources to borrow funds would be eligible to receive grants up to a maximum of \$25 million for public facilities related to redevelopment.

Let me stress that this is not an annual appropriation but is intended to be a \$25 million revolving fund from which these communities would be able to borrow.

The administrator of the program would be expected to limit the grants only to communities with the greatest need for aid and which do not have sufficient resources to repay the loans in the foreseeable future.

It should be stressed that this is no giveaway program; under the provisions of the bill grants would be made only for projects which would provide lasting improvements and broaden the economic base of the communities.

Fourth. Vocational training and subsistence: One of the big problems in depressed areas is the fact that many industries have declined or disappeared and, consequently, the demand for the skills acquired by the people in these areas has also diminished or vanished.

In order to enable these people whose skills have become obsolete to gain new employment, we must provide facilities to retrain them.

But many have been unemployed for a long period of time, and it would be unreasonable to expect that they could undergo an effective period of vocational training without any means of support.

Consequently, while the unemployed are undergoing training and if they are no longer eligible for unemployment compensation, they would be receiving subsistence payments equal to the average unemployment insurance in their State during the period while they are undergoing training, but not for a period exceeding 13 weeks.

Only the unemployed residing in the communities with the highest level of unemployment would be eligible for this type of aid and the total amount that would be appropriated for this program would be limited to \$5 million a year.

Mr. SCOTT. Mr. President, I have no alternative, as a proponent of area redevelopment legislation, but to vote for S. 722 as it is now pending, notwithstanding the fact that I feel it has, by action of the other body, tended to become a legislative grabbag, in view of the unemployment formula which it

would apply. I want the RECORD to show that I have done all in my power for a realistic bill which would serve the needs of the people in the depressed areas, to whom we must render this assistance.

If this bill is passed and vetoed, and the veto is not overridden, perhaps we can—and we certainly should—write a realistic bill pinpointing the areas of need, and costing in the neighborhood of \$150 million.

Mr. CLARK. Mr. President, will the Senator yield for a question?

Mr. SCOTT. I shall be glad to yield in just a moment.

In my opinion, such a bill would receive approval at the other end of the avenue, and give us relief instead of a political issue.

Finally, let me say that I have talked with the President. Of course, I am in no position to quote him, but the Senator from Kentucky [Mr. COOPER], the Governor of West Virginia, Mr. Underwood, and I talked with the President this week. First of all, we all, including the President, want a bill. There would be no objection, in my opinion, to a reasonable bill which pinpointed the need in the areas where critical unemployment is most serious, and is a matter of concern to both the executive and legislative departments.

I now yield to my senior colleague from Pennsylvania [Mr. CLARK].

Mr. CLARK. Does not the Senator have some hope, because of the stiffening up of the requirements for eligibility, which the House made after my friend from Pennsylvania saw the President, that the President will be persuaded to sign the bill, if passed?

Mr. SCOTT. I want to make it clear to my colleague that I hope the President will sign the bill, even though I have certain objections to it. I think the bill is more acceptable, as the Senator says, because after our conference with the President an amendment was added in the House tightening somewhat the unemployment criteria.

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). The time of the Senator has expired.

Mr. DOUGLAS. I yield 1 additional minute to the Senator from Pennsylvania.

Mr. SCOTT. The bill therefore does pinpoint the need more than heretofore, and therefore it is, in my opinion, more acceptable. In my summary I have indicated the features which I think would give us a good bill, at a cost in the neighborhood of \$150 million.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Montana such time as he may require.

Mr. MANSFIELD. Mr. President, the junior Senator from Wyoming [Mr. McGEE] is unable to be present because of prior commitments undertaken as a member of the Subcommittee of Freedom of Communications of the Committee on Interstate and Foreign Commerce.

I ask unanimous consent that a statement which the Senator from Wyoming had prepared and intended to make on the pending subject be included in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MCGEE

The purpose of this bill is to establish an effective program to alleviate conditions of unemployment in certain areas of the Nation which are economically depressed. As a member of the Senate Special Committee on Unemployment Problems, I am painfully aware that such sections of our otherwise prosperous economy do exist and that where they exist, economic conditions are just as bad as they were throughout the Nation during the darkest days of the great depression.

Our committee held a number of hearings in States where these depressed areas exist. We found that in many cases as much as 20 or 30 percent of the working force was either unemployed or underemployed. The tragic and community-corroding loss which such unemployment causes, especially when it is chronic, has become a matter of grave concern to every member of our committee.

The causes for chronic employment disadvantage in some 70 labor market areas throughout the country are diverse. There is no single program which will alleviate the disease from which these labor market areas suffer. In its report our committee pointed out that changes in consumer demand depletion of resources, changes in defense procurement or in location of defense facilities, decentralization of production, lack of industrial diversification, and technological change are the most important causes of depressed areas.

S. 722, with the House amendment, is a measure which will not be fully responsive to the need which our committee's study has demonstrated exists. It is a measure of limited scope; but, of course, those of us who believe in doing something about such problems must often be content with half a loaf when the whole loaf cannot be obtained. This bill, if enacted in its present form, will be a start.

If we combine this minimal start with the imagination and initiative of the American people themselves, we can and we shall accomplish a very great deal.

One of the hearings of the Special Committee on Unemployment Problems was held in Rock Springs, Wyo., a community which has suffered grievously in the past from unemployment because of wholesale mine closings which occurred in 1953 and 1954. If this hearing demonstrated nothing else, it demonstrated the courage and the ingenuity with which a community can meet a crippling blow to employment in its basic industries.

This bill, though meager, can at least be a beginning in providing stimulus for such courageous action on the part of other communities in other areas.

Mr. DOUGLAS. I yield 2 minutes to the Senator from Alaska.

Mr. GRUENING. Mr. President, I think it is about time that we did something for the American people.

Last week the Senate passed a bill authorizing more than \$4 billion in aid to approximately 104 foreign countries. The pending bill would help the American people in ways similar to those by which we are helping foreign countries. It would authorize \$251 million, which is one-sixteenth of the amount the Senate last week authorized for the people in countries overseas.

The probability has been expressed by the distinguished junior Senator from Vermont, who rose in opposition to the bill, that the President would veto the bill. I hope that will not happen, al-

though it would not be wholly surprising in view of the fact that he vetoed an area redevelopment bill 2 years ago, and before and since the Eisenhower administration has repeatedly taken a position adverse to adequate expenditures for the benefit of the American people, whether for airport development, to meet the urgency of the jet age, whether for housing, whether for education, whether to stop the pollution in our waters, whether to conserve and develop our natural resources, or whether to provide adequate medical insurance for the aged.

We are repeatedly told by the Eisenhower-Nixon administration such expenditures are extravagant, wasteful, and that they would unbalance the budget. However, the contrary attitude is revealed by the White House when it comes to spending money abroad. Those appropriations of American dollars, it tells us, are sacrosanct, and must not be cut by a nickel.

The pending bill, coming from the House, which is a very modest bill and less effective than the Senate-passed bill, is desirable to help many areas in our country, would aid depressed areas in Pennsylvania and West Virginia—which I visited only two nights ago—in Kentucky, in Arizona, in Illinois, in Alaska, where our fishing communities are in a serious plight owing to the steady depletion of our salmon fishery as a result of Federal mismanagement, and in many other parts of our country.

Is it not about time that we considered our own domestic needs and took care of them? Being only an authorization bill, and regrettably, therefore it will not be effective for another year or more. But it is not the fault of the Congress that the Presidential veto prevented a start 2 years ago.

I shall support the bill, and I hope that the President will at last see the light and decide that the interests of the American people should not, as hitherto, be placed second to the interests of other people.

Mr. DOUGLAS. In view of the fact that we have taken more time than the other side, I hope that my colleague from Illinois will be able to take some time now. If he is not ready, I will yield 5 minutes to the senior Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I am grateful to the Senator from Illinois for yielding this time to me. I wish to concur in the decision to bring up the House bill, and to commend the House of Representatives on the passage of the area redevelopment bill.

I am sure that every Senator knows that the Senator from Massachusetts [Mr. KENNEDY] and I have been engaged in some very careful observations of the economic, social, and political scene in the beautiful State of West Virginia. I can assure Senators that the beauty and the charm of that wonderful State, and the quality and character of its people, would be further enhanced by passage of the area redevelopment bill.

Of course the proposed legislation is not designed for any particular State. It is designed for the Nation. It is the

kind of economic assistance program, for our own workers, for our own economy, for our American communities, that we extend rather generously to the rest of the world.

I am a supporter of foreign aid, particularly foreign economic aid based upon the principle of long-term loans at low interest rates for the purpose of constructive, productive economic development.

I feel, however, that the same principle is applicable to situations in the United States, where there are underdeveloped areas and areas which, due to technological change, or due to working out of basic resources, suffer chronic unemployment or economic distress.

We have many such areas in the United States. The Labor Department's Bureau of Employment Security presently classifies 142 American communities as labor surplus areas with substantial unemployment.

Mr. President, we have in many parts of our Nation, in State after State, communities which were once thriving industrial, productive, prosperous communities, but which, through no fault on the part of management or local government or labor or civic organizations, find themselves today in serious economic stress.

This is to be found, for example—using my own State—in the northern and northeastern parts of Minnesota, where there is needed diversification of industry. We have done much in Minnesota to help diversify our industry. We have the Iron Range Resources Commission, established by the State of Minnesota. It extends economic aid and technical assistance to localities and industries and workers in the northern and northeastern portions of Minnesota. We have our Department of Business Development, which is equally helpful.

However, there is a time when even greater assistance is required. That is where the area redevelopment bill becomes vital. The bill before us is a sincere effort on the part of Congress to find a mutual ground, so to speak, between the completely inadequate proposal advanced by the administration and the bill as passed by the Senate last year.

Area redevelopment is not new to Congress. This is no election-year panacea. Area redevelopment was passed in the Senate and in the House in 1958. It was passed by an overwhelming vote in the House, and it was passed in the Senate after a considerable struggle. Unfortunately, however, the President pocket vetoed this bill.

We passed it again in the Senate last year by a relatively close vote. Finally the House acted this past Wednesday on a modified version. The bill before us is not all I want, but it is effective legislation. I for one will support it. I say to Members of Congress, particularly to my colleagues in the Senate, who vote for foreign aid, "You cannot go home and face your constituents after having voted substantial sums of money for foreign aid, and deny to the American people, American industry, American labor, and American agriculture an opportunity

for economic assistance on the basis of loans, on the basis of the kind of help that American communities need." The Senator from Alaska [Mr. GRUENING] put it so well when he stated that we cannot accept such a double standard.

Mr. President, I urge my colleagues to approve this measure. It deserves to be passed by an overwhelming vote.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. DOUGLAS. Mr. President, I yield 10 minutes to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, may I have the attention of the minority leader? Is it agreed that we will yield back the remainder of our time, after an additional 10 minutes has been expended on each side, so that we may accommodate Senators who wish to leave?

Mr. DIRKSEN. Has the Senator made provision for the Senator from Kentucky [Mr. COOPER]?

Mr. CLARK. If he comes to the Chamber.

Mr. DIRKSEN. Also, the majority leader may wish to speak a few minutes on the bill.

Mr. CLARK. Is it agreed that we will yield back whatever time remains after that?

Mr. DIRKSEN. That is agreeable.

Mr. CLARK. Mr. President, the first point I wish to make in support of the bill is that it is not an expenditure bill; it is an authorization bill. If the bill passes, not one cent of money will be appropriated for the program unless and until the Committees on Appropriations of the two Houses, and the President, agree on an appropriation measure. So no Senator should be deterred from voting for the bill because he expects it to result in large amounts of immediate expenditures. This is a very important difference between the bill which we are now dealing with and the bill which we passed last year.

Senators who believe that this bill provides an amount which is too high will get another crack at it when the appropriation comes before the Senate. It seems to me that it is entirely unlikely that the full amount of the authorization will be required for the first fiscal year. Therefore, I make the point, as strongly as I can, that this is only an authorization, not an expenditure.

Moreover, the amount of the authorization has been reduced. The original Senate bill provided for \$389 million. The bill now before the Senate calls for only \$251 million of authorizations. So the amount has been reduced to make it approach more nearly the objectives of the President.

My third point is that the bill has a strong antipirating provision. It is a substantially stronger provision than was contained in the bill which passed the Senate last year. This bill forbids the lending of money, under its provisions, if such a loan will result in increasing unemployment in the area from which the industry has moved in order to go into a depressed area.

More than that, by an amendment made to the bill in the House at the last

minute, a large number of communities which would otherwise have been eligible are no longer eligible. The eligibility restrictions have been tightened up by the House. Several big cities, including my own city of Philadelphia, and New York, have been excluded by these stronger provisions which were written into the bill by the House. Hundreds of additional areas would be deprived of eligibility if only our economy could be gotten back on the road, so that unemployment would be decreased. A drop in unemployment of 1 percent across the country would, in my judgment, result in the elimination from eligibility of scores of areas, because they would then be in a situation where their labor surpluses did not exceed 6 percent.

So the bill will take effect if, but only if, there are conditions of substantial unemployment throughout the country, and which highlight areas of chronic unemployment, so as to make the areas more eligible.

Mr. President, I yield to my colleague from Pennsylvania.

Mr. SCOTT. Mr. President, I yield 2 minutes to the distinguished senior Senator from Pennsylvania from the time on this side, so that he may answer two questions.

First, I am glad the Senator pointed out—and I think it is important for the people in our Commonwealth to understand that both Senators from Pennsylvania accept and recognize as a desirable factor—that our city of Philadelphia has of necessity been eliminated, much as we should like to help our own home city. But its elimination has made it possible, if the bill shall become law, to provide needed aid to Scranton, Wilkes-Barre, Hazleton, Uniontown, Connellsville, and other areas of economic distress and unemployment. Does not the Senator agree?

Mr. CLARK. The Senator is correct. I am in accord with his view. Of course, if unemployment should get very much worse in Philadelphia, then our city could well qualify. But it does not qualify now.

Mr. SCOTT. That is true. Second, with respect to the matter of the use of Federal funds—the taxpayers' money—it occurs to me that at times the allocation is inequitable. I call the attention to the Senator to the testimony given by officials of the Department of Agriculture that one grain storage company in the Midwest received \$23,470,636 from the Federal Government last year in fees charged for storing surplus crops. One storage company, in other words, received more money than the amount of farm surplus payments paid as subsidies to all of Pennsylvania, New Jersey, and Delaware combined; and, moreover, more than Pennsylvania probably would receive for unemployment and economic distress under this bill. Does not the senior Senator from Pennsylvania believe that that is inequitable and a costly shame?

Mr. CLARK. I am glad my colleague has pointed out these facts. In addition, I point out that the bill calls for an authorization of \$75 million in loans to depressed rural areas. So it is nei-

ther a big city bill nor an industrial bill. It is a national bill, which takes care of rural underemployment to the same extent and in the same amount as it takes care of urban unemployment.

Mr. SCOTT. It is much more useful to the rural areas than is generally believed.

Mr. CLARK. The Senator is correct. I thank him for his helpful interjection into the debate.

Mr. President, I turn to a document which, in my judgment, makes the bill a "must," and that is the report of the Senate Special Committee on Unemployment Problems, a committee consisting of nine members, whose conclusions were practically unanimous. They made their report only a little more than a month ago, and stated in no uncertain terms the need for this kind of legislation, a need which was found out only by the Democratic members of the committee, but also by the Republican members of the committee. I quote from page 69 of the report:

Members of the committee and its staff observed directly the suffering and distress of people in depressed areas and were deeply impressed with the need for immediate action. The committee therefore recommends that highest priority be given to the enactment into law in this session of an effective area redevelopment bill.

While that statement was in the report of the majority, we find the following in minority views:

It is a matter of prime importance that an area redevelopment bill be enacted and that it contain means for stimulating local effort.

There we have the statements of nine U.S. Senators, from both sides of the aisle, saying that an area redevelopment bill is needed this year. This is our only chance this year to pass such a bill. I hope Senators on both sides of the aisle will give effect to the unanimous recommendation of the Special Committee on Unemployment Problems of their own body, which has so recently reported.

I share the views of Senators who deplore the "double standard," as it has come to be called. I have always supported mutual security aid for underdeveloped countries abroad. I hope to continue to do so. However, I may say that I share the views of the Senator from Alaska [Mr. GRUENING] and other Senators that it is unconscionable and unethical to give the money of American taxpayers to the underdeveloped people abroad, much as they need it, and to deny the very same kind of assistance to American citizens who are asking only for an opportunity to work for an honest living.

I do not understand how Senators of good conscience can vote for foreign aid, or urge the Senate to vote for foreign aid, and deny domestic aid to undernourished Americans who live in conditions of squalor. If Senators could see, as I have seen, and as members of the Special Committee on Unemployment Problems have seen, they would be ill at their stomachs and be astounded to learn that such conditions could exist in the United States of America.

Finally, this situation is a cancer in our body politic; a cancer which is invading the sound soul of democracy.

Our neglect of the people who are suffering such misery, our failure to show a sense of compassion toward our fellow citizens, must make them feel that they are abandoned; it must make them feel that this is indeed an odd way for the richest country in the history of the world to treat its own citizens. This cancer will spread, unless it is cut out by drastic surgery.

Mr. President, this bill is a pale little bill; it makes only a start; it is not nearly good enough. We accept it only because we legislate under the shadow of the rules of the House of Representatives, over which we have no control. There is a hammer at our heads. We are told, "Take it or leave it. This or nothing."

So those of us who fought so hard and so long for a better bill will take this bill, and will return, another day, to fight for a more adequate bill.

I hope every Member of the Senate will search his heart and his conscience before he determines how he will vote on the question of the passage of this bill. If he does so, I have no doubt that the bill will be passed by the Senate by an overwhelming vote, which the bill so justly deserves.

Mr. HUMPHREY. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I yield.

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). The time yielded to the Senator from Pennsylvania has expired.

Mr. DOUGLAS. Mr. President, I yield 1 additional minute to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 1 additional minute.

Mr. CLARK. I am glad to yield to the Senator from Minnesota, Mr. President.

Mr. HUMPHREY. Mr. President, the other day, I noticed that the President of the United States had suggested to the agencies of the Government that they do what they could to be of help to the communities of the great State of West Virginia. Instead of telling the agencies of the Government to do what they should, he watered down his request, and told them to do what they could. Instead of telling them to do what was needed, he said to the heads of those agencies, "Do what you think you may be able to do nicely and easily."

There is one way for the administration to demonstrate that it really cares about the American people, the American economy, and what is occurring in our country: The President still has time to send to the Senate a message that he will sign the area redevelopment bill.

What the President does in regard to this bill will be the test; then we shall find out whether we shall receive from him more in the field of public relations or more in the field of public policies. Unfortunately, Mr. President, I am afraid that we are likely to get more of

the public-relations gobbledygook, instead of public policies.

The PRESIDING OFFICER. The additional time yielded to the Senator from Pennsylvania has expired.

Mr. DIRKSEN. Mr. President, I yield 7 minutes to the Senator from Kentucky [Mr. COOPER].

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 7 minutes.

Mr. COOPER. Mr. President, I shall vote for the House amendment to Senate bill 722, which was passed by the Senate last year.

This is not a new position for me. In 1958, I supported the Douglas-Payne bill. In 1959, I joined with the Senator from Illinois [Mr. DOUGLAS], the Senator from Pennsylvania [Mr. CLARK], and the Senator from Maryland [Mr. BEALL] in introducing the original version of Senate bill 722, which the Senate passed.

It is true that the country as a whole is enjoying an extended period of prosperity—the longest period of prosperity, I believe, our country has ever known in peacetime. Wages, personal income, investments, housing starts and gross national product prove my statement to be true. Except for this high level of prosperity, conditions in the depressed areas would be worse.

But, Mr. President, it cannot be denied that throughout the Nation there are areas in which substantial and persistent unemployment has existed for several years. Several of those areas—notably, in the eastern coal mining section—are in my own State.

The fact remains that growing prosperity elsewhere in the Nation has not been able to bring employment and better times to the depressed areas of the United States.

Today, Mr. President, I do not have time to explain the details of this legislation; but many of us know how acute the situation is, because of the vast technological changes which have occurred in many areas of the United States. In the coal mining areas of the Nation, a miner who formerly produced an average of 3 or 4 tons of coal a day, by using a pick, now can produce 35 tons of coal a day, with the use of modern equipment. The average production per day, per man has risen from 3-4 tons to 14 tons. I know that in the eastern part of Kentucky, where formerly 60,000 miners were employed, today less than 30,000 produce the same amount of coal.

This bill is designed to bring to these sections new opportunities for employment of the people, who may never again secure employment in the work they have known throughout all their lives.

This morning, I should like to address myself to the Members of the Senate, and particularly the members of my own party, and ask them to consider carefully what is at stake. I hope they will vote for this bill. Let Senators on this side of the aisle, in particular, remember that the President of the United States was the first one to recommend to the Congress the enactment of a bill to give assistance to the depressed areas of the

United States. The Congress passed its own bill in 1958; and I believe this bill will be passed.

It is true that the approach of the President and the approach of the Congress have differed. If a greater effort had been made in the last 2½ years, both by the administration and by the majority leaders of the House and the Senate, to conciliate their differences, perhaps today we would have on the statute books legislation which would be giving aid to these areas, rather than be engaged in a fight which may deteriorate into a political issue.

But, Mr. President, whatever the record of the past, we have an opportunity today to do something about this critical situation.

This measure is not an appropriation bill; it is an authorization bill. The Appropriations Committees of both Houses of Congress will have opportunities to consider the value of all the programs provided by this bill, and fix the appropriations for such programs as they may approve.

I hope the Senate will pass this bill, and I hope the President will sign it. For before the Appropriations Committees act on the necessary appropriations bill, the administration and the congressional leaders can meet and can conciliate—and they ought to conciliate—the differences between them with respect to the provisions of this bill.

In the face of the demonstrated need of the people of the depressed areas, and the present opportunity to help those who have been left behind in the progress of our Nation, surely the executive branch and the legislative branch, and our two parties and their leaders, will demonstrate the statesmanship and conciliate the differences which exist between the administration and the Congress.

A few minutes ago I heard the distinguished Senator from Minnesota [Mr. HUMPHREY] speak about the President's responsibility; the Senator from Minnesota said the President had only lately directed the heads of the Government's executive agencies in these areas to take action. Let me say that I have been in correspondence with the President, and I have talked to him two or three times this year about depressed areas. The remarks of the President followed a meeting which the Senator from Pennsylvania [Mr. SCOTT] and I had with the President. At that meeting we made certain suggestions for additional executive action, and the President's response was a response to those suggestions.

Let me also say to the distinguished minority leader—

The PRESIDING OFFICER. The time yielded to the Senator from Kentucky has expired.

Mr. COOPER. Mr. President, I should like to have additional time, if I may.

Mr. DIRKSEN. Mr. President, I yield 1 additional minute to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 1 additional minute.

Mr. COOPER. Mr. President, as I was about to say, I would point out to the

distinguished minority leader that, although he may know more about this particular subject than I do, so far as I know, the President has not yet said he would veto this bill. I hope he will sign it—to give opportunity to get a program going. I ask the Members of the Senate who belong to my party to give the administration and the congressional leaders an opportunity to attempt to work out, by means of this authorization bill, a measure which will meet the needs of the people of the distressed areas of the United States.

The PRESIDING OFFICER. The additional time yielded to the Senator from Kentucky has expired.

Mr. COOPER. Mr. President, I should like to have an additional minute.

Mr. DIRKSEN. Mr. President, I yield 1 additional minute to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 1 additional minute.

Mr. COOPER. I thank the Senator from Illinois.

Mr. President, I wish to assure the Senate that unhappy situations do exist in this country.

I have visited many times these areas in my own State, I have seen these conditions—people who do not have an adequate diet, or enough clothes, and whose morale is very low, because they believe, unhappily, that they have been forgotten.

Mr. President, these are realities. Mercy, compassion, and justice ought to move the Members of our body and demand that we help our less fortunate fellow countrymen, their families, and their children.

It is better to do something today than to do nothing. I urge the Senate to pass this bill.

Mr. President, I ask unanimous consent to place in the RECORD, following my remarks, my recommendations to the President of executive action which could be taken to assist our depressed areas, in addition to this legislative bill.

There being no objection, the recommendation was ordered to be printed in the RECORD, as follows:

PROPOSALS OF SENATOR JOHN SHERMAN COOPER FOR EXECUTIVE ACTION IN AID OF DEPRESSED AREAS WITHIN EXISTING PROGRAMS

1. Department of Labor:

Provide additional personnel for employment offices, and establish additional employment offices in distressed areas—to search out immediately all employable persons.

Direct employment offices throughout the country to search out and list all job opportunities.

Provide emergency funds to move employable persons from distressed areas to job opportunities, and provide temporary assistance to such persons.

2. Department of Health, Education, and Welfare:

Establish vocational training schools in distressed areas for persons capable of employment.

Provide compensation to trainees under Defense Education Act or vocational training programs. If not adequate, provide emergency compensation during term of training.

3. Department of Agriculture:

Establish rural development programs in all rural depressed areas.

Establish immediately a garden program in cooperation with State farm agencies to supplement surplus foods. Provide emergency seeds and fertilizers.

4. Long-range programs toward development of rural distressed areas:

Establish, in connection with State, priorities for needed roads, civilian airports, and water development for basic economic growth of such areas.

Mr. SCOTT. Mr. President, will the Senator yield?

Mr. DIRKSEN. Mr. President, I yield 1 minute to the distinguished Senator.

Mr. SCOTT. The Senator from Kentucky and I were both at the White House recently. The point has been made previously that we may not indulge in direct quotations. However, does not the Senator agree with me it is better to get an actual bill for the relief of chronically distressed areas of unemployment at a cost in the neighborhood of \$150 million than to see the \$251 million bill vetoed and fail to become law? Does not the Senator agree that we would be better off with \$150 million to start the work than to say, "We tried to get \$251 million, but did not get it"?

Mr. COOPER. I agree, but the Appropriations Committee can take what action it desires on the bill. I think we ought to pass the bill.

Mr. SCOTT. I do, too.

Mr. DIRKSEN. Mr. President, consonant with the understanding I had with the distinguished Senator from Pennsylvania, I will remain within the 10-minute limit.

I yield 1 minute to the Senator from Massachusetts [Mr. KENNEDY].

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 1 minute.

Mr. KENNEDY. Mr. President, the first time such a bill came to the floor it came out of the Committee on Labor and Public Welfare, and I had the honor of being the floor manager for it. This bill is overdue. I think it should have been passed 4 or 5 years ago, when it first came to our attention.

There are many areas in the country which have been left high and dry by the advance of technology and automation. Unless the influence, power, and credit of the Federal Government is placed behind the rehabilitation of those centers, they will continue to decline in a gradually increasing spiral.

I hope the bill will pass, and that the President will sign it into law.

Mr. JOHNSON of Texas. Mr. President, I yield myself such time as I may need.

The PRESIDING OFFICER. The Senator from Texas.

Mr. JOHNSON of Texas. Mr. President, I was very proud to support this proposed legislation when it was originally before the Senate. I did not think it went too far then. I do not think it goes too far now. I think so long as this country is as wealthy, as big, and as broad as it is, and so long as we can grant \$4 billion a year to make grants

around the world, we can at least make loans at home totaling one tenth of that amount.

Mr. President, I have traveled from one end of this great Nation to the other. I have seen pockets of unemployment. I have seen areas depressed. I have seen people distressed. I think all those people could be paying taxes and all those areas could be prosperous communities if the powers of government were used to help them help themselves.

I remember that a great man was brought to this town under another administration. Mr. Hoover reached down to our State of Texas and selected Mr. Jesse Jones. He went from one State to another, making loans, some of which were like those contemplated in this bill. I think the Treasury made a profit out of those loans. I remember in my own State, when people were hungry, when their children were in box-cars, when their areas were depressed, that a loan was made to a State authority for a development program, and that loan was made at 4 percent interest, but the indenture provided that if the bonds were paid off before a certain period they would have to be paid off at 105 instead of 100. We were later able to recover, and pay those bonds off. The Treasury made money as a result of the aid it gave to depressed areas and distressed people during the 1930's. The Treasury can do the same in the 1960's.

I do not think the wise or provident or prudent course is to say, "Go away," because this problem will not go away. We must face up to it. We are going to do so today.

I hope and believe that each Member of the Senate will seriously consider whether or not he is willing to use the powers of this Government to help people help themselves.

Mr. DIRKSEN. Mr. President, I yield myself 7 minutes.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 7 minutes.

Mr. DIRKSEN. This bill has had a long and tortuous course. It passed after 9 tumultuous hours in the House, interspersed with many quorum calls and motions to put it aside and send it back to the committee, and when they got all through in the House the vote was 201 to 184. It was carried by only 17 votes.

It has been 13 months or more since a bill of larger dimension was passed in the Senate. That bill carried in the Senate by a vote of 49 to 46. So it has been here a long time, and it has taken a long time to get back to the Senate in the form of a proposal to concur in the House amendment. I have no objection to the procedure. I do not believe any cause would be served particularly by having this bill go to conference. I only point out one or two things.

First, this is a new undertaking, and here we are authorizing \$251 million. In the Senate bill we authorized \$389 million. The distinction is made that this is an authorization, and not an appropriation bill. Well, it is a naive distinction, for when the money and the

authority are authorized, then the next step, of course, is to go before the Appropriations Committee and get money. That is inevitably done, and it is inevitably voted.

Second, I point out that it is a new agency that is involved. I introduced the administration bill. It was introduced in February of 1959. That bill left the matter in the Department of Commerce and in the Department of Labor. Here is a new permanent agency provided; and after a long period of time in the legislative branch I have discovered how these agencies proliferate, how they grow, how definitions are changed, how new areas are brought into the picture, and how greater and greater sums are finally requested.

I look upon this proposal as just another threat to our fiscal integrity. It has been said by its proponents that this must be done, and they point out what a great record has been made in appropriations. As a matter of fact, this Congress, so far as the House and Senate are concerned, has made a good record on appropriations. But I point out something else. The Senate passed the Youth Conservation Corps bill. The impact will be \$181 million if the House passes it. We passed the veterans peacetime pension bill. That will call for a very substantial sum. The House has already passed the omnibus housing bill, involving \$1 billion.

The Senate has passed the international health bill. So has the House of Representatives. The 1961 budget impact will be \$50 million. We passed an educational TV bill. The cost will be \$10 million. Pending in the House now, reported from the House committee, is a pay bill. Had the committee reported the original bill the cost involved would have been \$1,637 million, and in its original form the impact even on this fiscal year, since the provisions of the bill were retroactive till January, would have been over \$800 million. That is now a 9-percent pay raise bill instead of a 20-percent bill, but whatever it is, it is going to "nibble away" at what the President had hoped would be a surplus in 1961.

Only by frugality, only by caution, only by watching can we "nose out" a very slender \$100 million surplus in 1960. If we fail to supply the necessary revenues and if we add to the expenditures, I envision that what looked like a \$4.2 billion surplus to be applied on the public debt in 1961 will be "nibbled away" and will be reduced finally to a deficit rather than a surplus.

I wish to add only one other thing, Mr. President. Why compare this with foreign aid? How often does one have to point out that the mutual security bill is for the common defense of the country? There is no analogy whatsoever.

Of course, if there is any virtue in the argument which was made on the floor this morning, then why not open up the gates? Let us have an omnibus public works bill. Let us encompass every State, every county, every locality, every water course, every harbor, every place which needs a public building. Let us throw everything in.

We are already committed to the expenditure of billions of dollars—more than \$25 billion on highways, billions of dollars for public buildings and other improvements, billions of dollars for subsidies for the merchant marine and others. It is an amazing state of affairs.

We are piling up not only c.o.d.'s, but also I O U's. I wonder whether that is in the interest of continuing confidence in the country. When that confidence ebbs, if something should happen to the economy, then, of course, there will be real hardship in the areas which have been presenting an appeal to us this morning.

I leave it there. If it were left to me, I would say to the President, "You should veto this bill. It is not consonant with your program and is not in the interests of the country, as it stands today."

I am ready to vote.

Mr. DOUGLAS. Mr. President, I yield back the balance of my time.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the distinguished Senator from Vermont [Mr. PROUTY].

The PRESIDING OFFICER. The Senator from Vermont is recognized for 2 minutes.

Mr. PROUTY. Mr. President, I will not take the 2 minutes. When I spoke earlier, I had been unable to get all the information on the bill which I thought important to justify a logical vote. I have obtained some information since then, and I ask unanimous consent that I may include the statement with the remarks I made earlier.

The PRESIDING OFFICER. Without objection, it is so ordered.

Does the Senator from Illinois yield back his remaining time?

Mr. DIRKSEN. I yield back the balance of my time, Mr. President.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the motion of the Senator from Texas.

Mr. JOHNSON of Texas. Mr. President—

The PRESIDING OFFICER. The Senator from Texas.

Mr. JOHNSON of Texas. I yield myself such time as I may desire.

Mr. ELLENDER. Mr. President, I understand that the time has been yielded back.

Mr. JOHNSON of Texas. I have not yielded it back. I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a brief statement which I had intended to make at this time.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR JOHNSON OF TEXAS

The Senate is about to vote on one of the most important bills it will consider this year. We are going to send a bill to the President that will provide some assistance to Americans who live in areas of substantial, and persistent, unemployment.

I would have preferred to see the original Senate bill enacted into law. That bill provided sums that are needed and that could be used almost at once to help these distressed areas to help themselves. Compared to the need that exists, it was not an extravagant bill.

The House has reduced the total figure in S. 722, and it has provided an authorization bill in lieu of direct financing by the Treasury. Nevertheless, the bill we are voting on today is meaningful and will go a long way toward restoring these areas to productive life.

For that is what we are doing here—providing the means by which Americans who want to work may do so. This is not a dole. It is not a handout. It is an encouragement to hundreds of thousands of men who can work, who want to work, and who have been rendered idle by circumstance.

Technological change, the migration of industry, shifts in demand, long periods of seasonal unemployment, the depletion of natural resources—all these factors have made distressed areas out of places that once contributed to our economic life.

What happens when industry leaves a town and the mines and factories close? All those resources that go to make up a community—schools, stores, hospitals, banks, office buildings, homes, churches, all the public services of a community—waste away. They were built at great expense and effort, and now they are left to disintegrate.

We do not want this kind of disintegration, this kind of waste of human and natural resources, anywhere in the world. And it is strange to me that the same people who tell us that we must do something about such waste in other parts of the world, tell us that we cannot lend our own people enough money to prevent that waste in America.

Let us stop using this double standard. Let us stop this waste at home, as we are trying to stop it abroad. Let us give these American men and women the hope of prosperity we are trying to give our friends abroad. Let us give them the chance to rebuild their economic and community life, and once again to have some part in the American dream of a better life.

Mr. President, I yield back the remainder of my time.

Mr. BENNETT subsequently said: Mr. President, I was attending a meeting of a subcommittee of the Committee on Banking and Currency and was therefore unable to be on the floor during the discussion of the depressed areas bill. I ask unanimous consent that a statement I have prepared concerning the bill may be printed in the body of the RECORD, at a point before the vote on the passage of the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BENNETT

The depressed areas bill, officially tabbed the area redevelopment bill, is a serious mistake. I have sincere compassion for those persons presently unemployed in certain labor surplus areas of our economy; but, frankly, it is because of this compassion that I am opposed to the bill.

The general motive behind the bill is most worthy. The bill would provide Federal assistance to treat the problem of economically-depressed areas by attempting to induce industry to locate in these areas by offering Federal subsidies. The bill provides for capital loans for industrial development projects, together with loans for certain public facilities and for rural development. In addition, the bill would set up a program of grants for those areas which cannot provide these facilities on a loan basis. There are other minor provisions of the bill. In order to qualify, an area must have a level of joblessness which persists for 2 or more years, even during periods of overall national prosperity.

All this sounds worthy, but the trouble is the bill holds out false hopes to the people

in those areas. Depressed area problems arise from change; from shifts and adaptations in output and the use of capital; from the depletion of natural resources. You can legislate against change, but you can't stop it. If the Federal Government had tried to do so in the past, it might still be subsidizing western ghost towns and buggy whip factories.

I agree with the President when he said that "this bill would perpetuate insecurity by making distressed areas dependent upon the uncertainties of continued Federal subsidies, or would pour Federal dollars into areas where distress has been temporary and which are competent to meet their problems themselves."

This bill cannot do the job its proponents claim. It is billed as a cure-all for the economy. The qualifying areas are in a constant state of change but the latest best estimates show about 1 million unemployed in the 30 major areas and 100 minor areas which would qualify for aid under the bill at the present time. The committee received evidence indicating that an investment of from \$10,000 to \$15,000 is required to support each industrial job. Thus, to provide jobs for all of the unemployed in these areas which are the prospective beneficiaries of the bill would cost from \$10 billion to \$15 billion.

The bill would not only fail to meet the problem, it would create a "Pandora's box" of new problems. To name just a few:

1. DISCRIMINATION IN FAVOR OF FEW

Careful scrutiny of the bill's provisions shows that only a select proportion of the Nation's unemployed would be singled out as eligible for the alleged benefits of the program, and it should be noted that the selection process is based on purely arbitrary criteria. The criteria for eligibility, by their nature, impose an impossible burden on the administration of the program. In the absence of detailed area studies of the forces underlying high unemployment, the Administrator is placed in an unenviable position of making discriminatory judgments, in favor of some unemployed, and against others, without having a clear-cut basis for his decision.

2. IT RAISES A PROBLEM OF JOB TRANSFERS

The bill does not adequately protect against the pirating of industry from one area to another. Under the terms of the bill the people in the healthy economic areas, and this, mind you, is the major portion of our country, would be forced to underwrite with their Federal tax dollars the export of jobs to competing areas. This, to my mind, is unconscionable. Our efforts should be aimed at creating new job opportunities, instead of merely transferring jobs from one locality to another.

3. DISCRIMINATION WITHIN INDUSTRIES

Moreover, not only would the bill promote discrimination by the Federal Government in favor of some areas at the expense of others it would also promote such discrimination to benefit some companies within a given industry at the expense of competitors.

Assume a situation in which several companies have plants in various parts of the country, none of which are in a so-called depressed area.

Company A, employing 250 persons, is at a competitive disadvantage because it has not kept pace with the industry as a whole in modernizing its factory and improving machinery.

A community eligible for redevelopment under the bill builds and equips a factory with Federal assistance, and induces company A to relocate.

A double discrimination, promoted with Federal funds, has thus taken place: discrimination against the area of original location of company A and discrimination against company A's industrial competitors.

4. IMPROPER INTERFERENCE WITH PRIVATE MARKETS

A basic defect of the approach of this bill is this that it runs counter to the precepts of what is still essentially a private market mechanism operating within a dynamic and growing economy.

The strength of the United States to a great degree is attributable to the fluidity of its resources among such areas as could use them most efficiently. Unlike the economies of other continents, the economy of the United States has been able to distribute its resources into their most efficient uses without regard to State boundaries or regional areas. This has always been an essential strength of our political system—that it permitted these adjustments. And this bill would threaten to destroy that adjustment mechanism within our system.

5. FAILURE TO RECOGNIZE EXISTING PROGRAMS

The devices established in the bill to carry out its objectives are defective in the failure to recognize existing programs, thus causing a duplication of efforts. I won't take time to detail them at this time, but most States have development corporations or industrial planning committees. In addition, during the last Congress we passed the Small Business Investment Act which provides for loans and investments based upon private judgment with a minimum of interference from the SBA. And there are others.

In light of these and other objections, I hope this bill will be rejected by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas [Mr. JOHNSON] that the Senate concur in the House amendment to Senate bill 722.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BEALL (when his name was called). Mr. President, on this vote I have a pair with the junior Senator from Kansas [Mr. SCHOEPEL]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

Mr. KEATING (when his name was called). Mr. President, on this vote I have a pair with the senior Senator from South Dakota [Mr. MUNDT]. If he were present, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senators from New Mexico [Mr. ANDERSON and CHAVEZ], the Senator from Alaska [Mr. BARTLETT], the Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Wyoming [Mr. MCGEE], the Senator from Georgia [Mr. RUSSELL], the Senator from South Carolina [Mr. THURMOND], are absent on official business.

I also announce that the Senator from Missouri [Mr. HENNINGS] is absent because of illness.

The Senator from Virginia [Mr. ROBERTSON] is absent because of a death in his family.

I further announce that the Senator from North Carolina [Mr. JORDAN] is necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with

the Senator from Virginia [Mr. BYRD]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Virginia would vote "nay."

On this vote, the Senator from South Carolina [Mr. JOHNSTON] is paired with the Senator from Alaska [Mr. BARTLETT]. If present and voting, the Senator from South Carolina would vote "nay" and the Senator from Alaska would vote "yea."

On this vote, the Senator from Missouri [Mr. HENNINGS] is paired with the Senator from Virginia [Mr. ROBERTSON]. If present and voting, the Senator from Missouri would vote "yea," and the Senator from Virginia would vote "nay."

On this vote, the Senator from Wyoming [Mr. McGEE] is paired with the Senator from Georgia [Mr. RUSSELL]. If present and voting, the Senator from Wyoming would vote "yea," and the Senator from Georgia would vote "nay."

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Mississippi would vote "nay," and the Senator from New Mexico would vote "yea."

On this vote, the Senator from Oklahoma [Mr. KERR] is paired with the Senator from South Carolina [Mr. THURMOND]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from South Carolina would vote "nay."

On this vote, the Senator from Tennessee [Mr. KEFAUVER] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Tennessee would vote "yea," and the Senator from Indiana would vote "nay."

Mr. KUCHEL. I announce that the Senator from Indiana [Mr. CAPEHART] and the Senator from Kansas [Mr. CARLSON] are absent on official business.

The Senator from Hawaii [Mr. FONG], the Senator from Arizona [Mr. GOLDWATER], the Senator from Nebraska, [Mr. HRUSKA], and the Senator from South Dakota [Mr. MUNDT] are necessarily absent.

The Senator from Kansas [Mr. SCHOEPPPEL], is absent on official business as a member of the Board of Visitors of the Coast Guard Academy.

If present and voting, the Senator from Kansas [Mr. CARLSON], the Senator from Nebraska [Mr. HRUSKA], and the Senator from Arizona [Mr. GOLDWATER] would each vote "nay."

The respective pairs of the Senator from South Dakota [Mr. MUNDT] and the Senator from Kansas [Mr. SCHOEPPPEL] have been previously announced.

The Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Tennessee would vote "yea."

The result was announced—yeas 45, nays 32, as follows:

[No. 194]

YEAS—45

Bible	Carroll	Clark
Byrd, W. Va.	Case, N. J.	Cooper
Cannon	Church	Dodd

Douglas
Engle
Gore
Green
Gruening
Hart
Hartke
Hayden
Hill
Humphrey
Jackson
Javits

Johnson, Tex.
Kennedy
Long, Hawaii
Lusk
McCarthy
McNamara
Magnuson
Mansfield
Monroney
Morse
Moss
Murray

Muskie
O'Mahoney
Pastore
Proxmire
Randolph
Scott
Smith
Sparkman
Symington
Williams, N. J.
Yarborough
Young, Ohio

NAYS—32

Alken
Allott
Bennett
Bridges
Brunsdale
Bush
Butler
Case, S. Dak.
Cotton
Curtis
Dirksen

Dworshak
Ellender
Ervin
Frear
Fulbright
Hickenlooper
Holland
Kuchel
Lausche
Long, La.
McClellan

Martin
Morton
Prouty
Saltonstall
Smathers
Stennis
Talmadge
Wiley
Williams, Del.
Young, N. Dak.

NOT VOTING—23

Anderson
Bartlett
Beall
Byrd, Va.
Capehart
Carlson
Chavez
Eastland

Fong
Goldwater
Hennings
Hruska
Johnston, S. C.
Jordan
Keating
Kefauver

Kerr
McGee
Mundt
Robertson
Russell
Schoeppel
Thurmond

So the motion of Mr. JOHNSON of Texas to concur in the amendment of the House was agreed to.

Mr. DOUGLAS. Mr. President, I move to reconsider the vote by which the motion of the Senator from Texas was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to table was agreed to.

Mr. SYMINGTON subsequently said: Mr. President, today's vote marks a significant day for the distressed areas of our country.

Congressional approval of the area redevelopment bill (S. 722), which I joined in cosponsoring, is a recognition of the fact that when there is suffering in any part of our country, all America suffers.

On the other hand, when there is economic health in distressed areas, all of the country benefits.

This bill is a good start, but much is left to be done. I have visited many of the chronically depressed areas of our country, and have come away from these visits with a conviction that we in Washington cannot afford to ignore these conditions.

The Federal Government must move ahead with effective programs, such as S. 722, to wipe out the persistent unemployment in our pockets of poverty, especially because most of the country is experiencing unprecedented prosperity.

S. 722 should be viewed as the beginning of cooperative Federal-State and private efforts designed to eradicate unemployment and depression from the American economy.

The area redevelopment bill rejects the theory that such conditions are an inevitable part of our system.

We must invest further in the economic health of our country, just as we have been doing in other countries.

PETITION AND MEMORIAL

A petition, etc., were laid before the Senate, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution adopted by the Common Council of the City of Buffalo, N. Y., favoring the enactment of the so-called Forand bill to provide medical care for the aged; to the Committee on Finance.

A telegram, in the nature of a memorial, from Mr. and Mrs. Max Brenner, of North Hollywood, Calif., remonstrating against the adoption of the concurrent resolution (S. Con. Res. 83) to strengthen the authority of the United Nations to prevent war; to the Committee on Foreign Relations.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FULBRIGHT:

S. 3501. A bill to promote greater equity in the administration of the pay systems of employees in the Veterans' Administration under prevailing rate schedules by providing for certain adjustments in the compensation of such employees; to the Committee on Post Office and Civil Service.

By Mr. MURRAY:

S. 3502. A bill to extend and amend the National Housing Act, as amended, to provide mortgage insurance for individually owned units in a multifamily structure, and for other purposes; to the Committee on Banking and Currency.

By Mr. McNAMARA (for himself, Mr. KENNEDY, Mr. CLARK, Mr. RANDOLPH, Mr. SYMINGTON, Mr. HUMPHREY, Mr. WILLIAMS of New Jersey, Mr. MAGNUSON, Mr. McGEE, Mr. YOUNG of Ohio, Mr. DOUGLAS, Mr. GRUENING, Mr. LONG of Hawaii, Mr. MURRAY, Mr. HART, and Mr. MORRIS):

S. 3503. A bill to provide for the payment of hospital and other health services furnished to aged retired individuals, and to provide for a continuing study of the health needs of such individuals; to the Committee on Finance.

(See the remarks of Mr. McNAMARA when he introduced the above bill, which appear under a separate heading.)

By Mr. BUSH (for himself and Mr. CAPEHART) (by request):

S. 3504. A bill to amend the National Housing Act to remove certain limitations on the aggregate amount of outstanding mortgage insurance; to the Committee on Banking and Currency.

(See the remarks of Mr. BUSH when he introduced the above bill, which appear under a separate heading.)

MEDICAL CARE FOR THE AGED

Mr. McNAMARA. Mr. President, on behalf of myself and Senators KENNEDY, CLARK, RANDOLPH, SYMINGTON, HUMPHREY, WILLIAMS of New Jersey, MAGNUSON, McGEE, YOUNG of Ohio, DOUGLAS, GRUENING, LONG of Hawaii, MURRAY, HART, and MORSE, I introduce, for appropriate reference, a bill to provide for the payment of hospital and other health services furnished to aged retired individuals, and to provide for a continuing study of the health needs of such individuals.

Within the very near future, I will present a detailed explanation of the bill, along with the compelling reasons why it, or a bill of similar content, should be enacted at this session of the Congress. For the moment, I wish only to say that the bill represents the results of 18 months of study by the Subcommittee on Problems of the Aged and Aging, of

11713, the atomic energy authorization bill under consideration today.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CORRECTION OF ROLL CALL

Mr. MOULDER. Mr. Speaker, on rollcall No. 80 I am recorded as being absent. I was present and answered to my name. I ask unanimous consent that the RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

A LIBERTY BELL SHRINE

The SPEAKER. Under the previous order of the House, the gentleman from Pennsylvania [Mr. CURTIN] is recognized for 15 minutes.

Mr. CURTIN. Mr. Speaker, the district which I have the honor to represent is fortunate in many ways, not the least of which is the fact that we are proudly endowed with a uniquely rich heritage of history. The counties of Bucks and Lehigh, which together make up the Eighth Pennsylvania District, have contributed immeasurably to the cultural and economic growth of this Nation since the founding struggles of our Republic.

What is not generally known, however, is that during a critical period in our Nation's beginning years the Liberty Bell, symbol of our American free way of life, was brought from Philadelphia and hidden in Zion's Church in Allentown, Lehigh County. This event occurred during the period between September 24, 1777, and July 10, 1778. The bell, then known as the State House Bell, was secretly removed from Philadelphia to guard against its capture by the British, who invaded Philadelphia after the battles of Brandywine and Germantown. There is no disagreement among historians as to the fact that the bell found a haven in a church basement in Allentown; the only controversy has centered on which of two men provided the team of horses to haul the bell.

Perhaps the best authority for the story of the flight to Allentown with the Liberty Bell can be found in the account written by Dr. Simon Sipple, pastor of Zion Church, 1910-47, and pastor emeritus until his death in 1956.

Dr. Sipple, in his book "History of Zion Reformed Church," points out that there are many people who do not know that the Liberty Bell was hidden in Allentown and others who only know a fragmentary bit of the account.

THE SIPPLE STORY

He wrote:

It was to Allentown (or Northampton Town, as the struggling village then was known) that the Liberty Bell made its first trip.

In September 1777, a little more than a year after the bell had fired the hearts of the patriots by proclaiming freedom throughout the land, the British became rather too numerous for comfort in the vicinity of Philadelphia.

At a meeting of the executive council it was decided to send the Liberty Bell . . . to some distant settlement. The British were in need of ammunition, and what a delight it would have been to them to convert the herald of freedom into cannon balls!

NORTHAMPTON SELECTED

The patriotism and loyalty to the Continental cause of the citizens of Northampton Town were well known to the Executive Council, and it was decided to entrust the Liberty Bell to the care of the people of this village.

In those days farmers from this region made frequent trips to Philadelphia. They would arrive in the city with wagonloads of produce and return emptyhanded.

WAGONS COVERED

On the returning farm wagons the bells were packed, they being carefully covered with potato sacks and the refuse of stables.

The announcement was then made that the Liberty Bell had been buried in the waters of the Delaware.

Many people are still under the impression that the Delaware was the hiding place of the bell, but that this is wrong is shown by the following entry in the diary of the Moravian Church, at Bethlehem, under the date of September 25, 1777:

WAGON BREAKS DOWN

"The bells from Philadelphia were brought in wagons. The wagon with the statehouse bell broke down here, so it had to be unloaded. The other bells went on."

John Jacob Mickley drove the team on which the Liberty Bell was loaded. After his wagon broke down Frederick Leaser, another farmer, came along and the bell was loaded on his wagon and the journey to Northampton resumed.

Arriving at this place the bells, together with the church chairs, were hidden underneath the floor of the old Zion Reformed Church, the pastor, the Reverend Abraham Blumer, assisting in the concealment.

RETURNED IN 1778

Here the bells remained until after the evacuation of Philadelphia by the British in the latter part of 1778, when they were taken back to Philadelphia.

The tablet, which recognizes that Frederick Leaser also deserves mention, was erected in Zion Reformed Church November 1908. It reads as follows:

In commemoration of the saving of the Liberty Bell from the British, September 1777.

Erected to the memory of John Jacob Mickley, commissary of issues and member of the central committee from Whitehall Township, Northampton County, Pa., who under cover of darkness and with his farm team hauled the Liberty Bell from Independence Hall, Philadelphia, through the British lines to Bethlehem where the wagon broke down, September 23, 1777. The bell was then transferred to Frederick Leaser's wagon and brought to Allentown, September 24, 1777. It was placed beneath the floor of Zion Reformed Church and remained secreted for nearly a year. This tablet is placed by order of the Assembly of the Commonwealth of Pennsylvania, June 2, 1907, under the auspices of the Pennsylvania Daughters of the American Revolution. Erected October 15, 1908. Mrs. Alfred G. Saeger, chairman; Miss Minnie Mickley, secretary, of the John Jacob Mickley Memorial Committee appointed by Mrs. Allen P. Perley, State Regent of Pennsylvania, N.S.D.A.R.

Only in recent months, however, has action been taken to bring this significant milestone out into the full light of public knowledge and appreciation. A committee of public-spirited citizens has established the Liberty Bell Shrine of

Allentown, a group dedicated to the commemoration of the place where possibly the greatest symbol of freedom was protected to the everlasting glory of the whole world.

The Liberty Bell Shrine has wasted no time in making up for lost years. It is just a little over 1 year ago, on April 25, 1959, to be exact, that a handsome replica of the Liberty Bell was formally presented to Zion's Reformed Church—United Church of Christ—at impressive ceremonies in front of the original church on Hamilton Street, Allentown. The replica was presented by grant of the Commonwealth of Pennsylvania, and today may be seen proudly reposing in front of the church which served as a haven for the bell nearly 200 years ago.

The Liberty Bell Shrine of Allentown was incorporated as a nonprofit corporation by the Lehigh County court of common pleas on September 22, 1959, and has been making remarkable strides ever since under the able chairmanship of Dr. Morgan D. Person. It should be noted that the group has been working in close liaison with the bicentennial committee of Zion's Church, which will observe the 200th year of the founding of Zion's Church in 1962.

Since last September and to the present date, the Liberty Bell Shrine of Allentown has been working zealously and with unselfish devotion to build a permanent shrine in which the replica of the Liberty Bell can be housed, preferably in the original surroundings beneath Zion's Church where the original bell was hidden. To this end, there will soon be launched in the city of Allentown and the general Lehigh Valley area a public subscription drive to raise sufficient funds to erect a fitting home in which to place the Liberty Bell replica. The realization of this goal of building a shrine will accomplish three things:

First. It will serve to mark for all time the place where the emblem of American liberty was kept—a unique instance of church and state working together to save an enduring symbol of freedom.

Second. It will function as a mecca for thousands, including young people, who visit the shrine and who will be reminded of this heritage of freedom that we enjoy.

Third. It will serve to challenge us to the renewed importance of always being worthy of our heritage.

The Liberty Bell Shrine of Allentown is confident that the public will respond promptly and generously to the building fund appeal. Certainly no cause is more deserving from the standpoint of enduring value and its meaning to future generations of Americans.

Still another event has recently taken place which is probably a first in the entire history of our Nation. I refer to the "Portrait of Freedom," in which a remarkable organization of artists working together as the Lehigh Art Alliance have collaborated with the Liberty Bell Shrine of Allentown to present a very fine project that has resulted in the creation of the "Portrait of Freedom" with the siter being the Liberty Bell Shrine itself.

This "Portrait of Freedom" was unveiled to the public on Monday, April 25,

on the main floor showroom of the Pennsylvania Power & Light Co. in Allentown. This is the seventh such community project undertaken by the Lehigh Art Alliance, and is proving invaluable in providing additional visual impact and significance of the shrine's meaning. This project has produced a very fine collection of paintings and other art works to a total portrait number of 47, the selections made from total entries of more than 100 by a distinguished jury comprising Ralph Somers Walter, curator of design, Pennsylvania State Museum; Charles T. Coiner, vice president and art director, N. W. Ayer & Son, Independence Square, Philadelphia; and Clarence H. Carter, well-known artist, Frenchtown, N.J.

With the presentation of the "Portrait of Freedom," Lehigh Art Alliance explores one of the oldest and most powerful of man's motivations since the beginning of his civilized existence—freedom. In the words of Quentin Smith, director of development for the art alliance:

The sitter idea for this undertaking, seventh in the alliance's "Portraits of Our Times" series, has none of the well-defined shapes and patterns of industry which have characterized previous portraits presented during the past decade.

Freedom has such a variety of meanings to each of us that few of the living artists of the world could hope to successfully encompass all of its many ramifications into one painting or piece of sculpture.

Therefore, we have dared to assay its forms and meanings on a collective basis, hoping that, together, these works in oil, clay, and metal will merit their creation through worthwhile service in renewing and stimulating some greater present-day consciousness and appreciation of this priceless heritage that has been handed down into our safekeeping. The true measure of the success of this undertaking can only be found in the extent that this is accomplished.

The Freedom Portrait was created by the Lehigh Art Alliance as a public service and, specifically, to service the aims of the Liberty Bell Shrine of Allentown—which is cooperating in making this first showing of these art forms possible.

This organization of area citizens was founded for the purpose of developing a shrine to freedom, commemorating the flight to and sheltering of the Liberty Bell at Zion United Church of Christ, Allentown, during the British occupation of Philadelphia in 1777.

At the same time Washington and his ragged troops were enduring that harsh winter encamped at Valley Forge, the bell, symbol of the hopes of all men aspiring toward freedom, had its own Valley Forge in Allentown.

The development of a freedom shrine in this area merits the interest and support of every member of the community.

With its realization we will be forging a local link into the chain of our Nation's history and creating a tangible and enduring remainder to our children that freedom is not an inheritance but a heritage to be cherished and won anew by each succeeding generation.

This portrait will be seen elsewhere in Allentown for the remainder of the month of May, and for the following 2 months will hang in the State museum in Pennsylvania's capital, Harrisburg. Eventually, we hope that it may be deemed worthy—as I feel certain it will—of being sponsored for audiences in other

cities of the United States and for showing in countries overseas.

Mr. Speaker, Allentown and Lehigh County are to be commended for this splendid contribution to an important and meaningful chapter in America's history. We are proud to have been the haven for the Liberty Bell at a critical time of history, and we look forward soon to seeing this eventful occasion being permanently memorialized in a proper setting—indeed almost the exact place where the Liberty Bell was kept safe from harm back in 1777. I congratulate the Liberty Bell Shrine of Allentown, the Lehigh Art Alliance, and Zion's Church for their unselfish advocacy of one of our country's finest traditions.

PRESIDENT URGED TO SIGN AREA REDEVELOPMENT BILL

The SPEAKER. Under the previous order of the House, the gentleman from West Virginia [Mr. HECHLER] is recognized for 30 minutes.

Mr. HECHLER. Mr. Speaker, the day before yesterday the House passed the area redevelopment bill, S. 722. This afternoon the other body accepted the House version of the bill, the bill is on its way to the White House.

I wish to issue an urgent appeal to the President of the United States to sign this bill which will mean so much to the economy of my State of West Virginia and, indeed, to the economy of the entire Nation.

Mr. Speaker, this is a modest bill which calls for loans and grants of \$251 million which actually is only 6 percent of the \$4 billion foreign aid bill which the President has asked this Congress to pass. Two hundred millions dollars of the \$251 million is in loans. I believe that the people in our own country are a very good risk for loans. I believe that if we can grant technical assistance to foreign lands, our own people deserve technical assistance too.

In my hometown of Huntington, W. Va., the unemployment rate is running around 13 or 14 percent. We have exerted all of the initiative we can through the united fund, through industrial development bodies, through the chamber of commerce, and through widespread local grassroots efforts which won the city of Huntington the title "All-American City" last year. We have done everything possible to solve this problem locally.

I believe we could use the type of assistance in retraining grants, community facilities grants, and loans for the development of industrial property that are contained in the area redevelopment bill. I therefore hope the President in his wisdom will sign this bill which will mean so much to West Virginia and to the Nation.

Mr. STAGGERS. Mr. Speaker, will the gentleman yield?

Mr. HECHLER. I gladly yield to my colleague from West Virginia.

Mr. STAGGERS. I would like to associate myself with the statement of my colleague from West Virginia as to the desirability and the urgency of the President signing this bill, because a majority

of the elected Representatives of the people of the United States has voted for the bill after study and ample hearings, enough I am sure, to establish the merit and need of the legislation.

The area redevelopment bill, introduced as S. 722 by the Honorable PAUL DOUGLAS, passed the Senate on March 23, 1959, and by the House on May 4, 1960, is essentially a humanitarian measure. Appropriations set up the bill are relatively insignificant. The total amounts of loans and grants authorized, if used to the limit, will admittedly go only a short way toward providing jobs for every unemployed person in the United States. Their practical purpose is to initiate and set free local investment in industrial and business enterprises which will provide innumerable opportunities for jobs for the jobless. In doing this, the effect of the loans authorized will be multiplied indefinitely. Establishment of one industry in a depressed area will suggest to local investors other industries for which resources are available, and additional prospects for success and profits. It has always been the history of economic development that one industry breeds another. Industries tend to multiply and proliferate in given areas because one industry in a sense supports and protects another. Thus we can expect that the provisions of this bill, if utilized vigorously, will have far-reaching effects in economic rehabilitation of distressed areas, far more than the industrial building value of the small sum appropriated. Furthermore, since the loans constitute only 65 percent of the capital needed, and since they are repayable, the revolving nature of the fund will reduce the necessity for continued appropriations.

It has been argued that enterprises set up under the bill will be necessarily hazardous and that they are doomed to failure. On this point it is appropriate to remark that the bill stipulates full and complete analysis of the resources available for a proposed enterprise, together with study of market conditions and all other factors contributing to success, before a loan is approved. The enterprises set up under these conditions will be totally unlike small businesses set up on the hunch of some private individual or corporation. Conditions favorable to success, as determined by experts and not by untrained business amateurs, must be present before action is started. Our discussions have indicated that many possibilities for industrial development almost certainly exist in many of the distressed areas. But we do not propose to go into those areas and set up establishments haphazardly, even on the basis of facts that seem on their face indisputable. We propose that conditions and resources be thoroughly investigated by those who have the business know-how before we act. Our duty to those who supply a significant proportion of the required capital demands that we shield them as far as possible from disaster. We emphatically do not want them to risk and lose their money in unprofitable enterprises. Consequently the percent of failure in small businesses common to less carefully con-

sidered projects should be materially different for these Government-promoted operations.

The purpose of the statements offered above is to indicate that the practical effects of the moneys authorized by the bill will be vastly greater than the use of such small amounts for industrial development which would not be supplemented by local interest, drive, and capital investment. That is, the psychological consequences of the bill should overpower the practical consequences.

However, the psychological effects would fall with still greater force on the thousands of unemployed. The demoralizing effect of long and continuous unemployment is practically paralyzing on workers possessed of but a single skill or trade. They are completely helpless in finding another job or another trade. They read daily in the papers of efforts to relieve the distress of similarly situated people in foreign lands. They hear that the Congress is appropriating annually billions of dollars for that purpose, with the approval of the administration. They wonder why the Nation should not try to do for them what it is doing for other people no more in need, but thousands of miles away. Approval of this bill will provide a tremendous moral stimulant for them. They will be energized by the fact that their Government does care for them in some more practical way than in passing out a few trifling handouts of food. In fact, they do need a spur to action. A spur may well set them into individual effort in their own behalf, for they are not lazy, indifferent, and irresponsible people. They want to work and to make their own way in the world. They have simply been paralyzed by the staggering blow of unemployment until they can not initiate action of their own will and effort. This bill should offer them just enough help to get started again. That is all those of us who have supported the bill have hoped for.

Mr. CLEM MILLER. Mr. Speaker, will the gentleman yield?

Mr. HECHLER. I yield to the gentleman from California.

Mr. CLEM MILLER. - I would like to second what the gentlemen from West Virginia [Mr. HECHLER and Mr. STAGGERS] has said. I served on the subcommittee which considered this legislation. I was extremely distressed during general debate in the House to hear certain Members indicate that this subcommittee had not discharged its responsibilities and was bringing irresponsible legislation to the floor for consideration. I do not believe anyone could have sat on that subcommittee and listened to the appalling testimony which we received, not of simple unemployment, not of continuous unemployment, but of unemployment which had become a cancer to those areas not for months, but for years without being concerned. I was amazed to hear Members say that the situation had so radically changed from last year, between the time this subcommittee reported the bill and when it reached the floor. We had evidence to indicate that these were areas of longtime suffering.

The gentleman from West Virginia [Mr. HECHLER] was one of the most eloquent witnesses in this regard. He brought tape recordings before our subcommittee of actual interviews with the people of West Virginia that would have brought tears to your eyes. How anybody could have made the assertions and the accusations which were made on the floor, how the Committee on Rules could have considered the matter in the way it did in light of this testimony, is beyond me. As a member of this subcommittee, and I attended every single one of the hearings, we brought a responsible piece of legislation to the floor of the House. We were soundly vindicated by the membership of this body at that time.

I wonder if anyone noticed the ambivalence of those who opposed the bill? Fifty percent said that there was no problem, that it was a depression measure for a situation which has cured itself. The other 50 percent said there was a problem, but nothing could be done about it. Which way is it going to be. I noticed that those who were closest to the facts revealed at the hearings took the latter view. To contend that we can do nothing about the situation is not merely defeatist, but begs the entire question. We cannot find out whether anything can be accomplished until we take the steps to find out. That is what this bill is for—to find the facts.

There is one other matter, I would like to raise, and that concerns charges that the administrator of the agency proposed by this legislation would be a czar or a dictator. Would he be any more so than any of the other administrators we now have for dozens of agencies? Of course he would not. He would have the same powers and limitations, he would have the same discretion to act, the same sense of responsibility to use appropriated funds wisely, in those areas where it is most needed. It is absurd to scare us with claims that these funds for area redevelopment would be lost in New York, Detroit, or Philadelphia. Certainly, we must have more confidence in the discretion and temperateness of any individual selected for such a job and approved by the Senate.

There is one more thing I would like to say with respect to this legislation. This is not a depressed area bill; this is an area redevelopment bill. I wish to emphasize that point because there were a number of challenges by opponents on the floor of the House Wednesday defying us to stand up and tell why this legislation was necessary. When I asked the gentlemen to yield in order to accept the challenges, I was put off. I am here to say now that I am prepared at any time to answer those challenges, and particularly with respect to the reasons for this legislation. The purpose of this legislation is to provide a workshop and a laboratory of knowledge about the cancer of continuous unemployment. This is not a bill for West Virginia, for Kentucky, for Pennsylvania, or for any other area which is suffering from unemployment in particular. This is legislation for the entire United States, for any area where technological unemploy-

ment might strike at any time in a serious manner, whether it be California, Texas, Arkansas, Minnesota—wherever there is technological unemployment. We must find out what can be done. We need facts.

I would like to remind the Members of this body that with the increasing speed of technological change, this is not going to be an occasional phenomenon, and hence, the need for facts will double and redouble. It is for this reason that I would like to join with the gentleman from West Virginia in urging the President to sign this legislation, not to relieve a specific area, perhaps, but to provide us with the raw material upon which we can develop the factual information to combat and conquer this problem. I recall those who on the floor said that the funds for this problem were just a drop in the bucket; that this would not solve the problem in even one district of Pennsylvania. This is no reason to oppose the legislation. You have to learn basic facts before you can attack a problem wholesale. This is the logical, cautious way to proceed. We have heard all kinds of charges and countercharges about the usefulness or uselessness of an approach such as this. There is no evidence either way to back up the asseverations on one side or the other. This is additional reasoning why we need the data which the application of this bill would furnish us, to give us the backstopping to conquer this problem in a coordinated way. Again, I would like to urge that the President of the United States sign this legislation into law so that we can go forward with the job of accomplishing area redevelopment problems to solve the problem of technological change which is a national problem of the first magnitude, and promises to grow more serious as time goes on.

Mr. OLIVER. Mr. Speaker, will the gentleman yield?

Mr. HECHLER. I yield to the gentleman from Maine.

Mr. OLIVER. Mr. Speaker, I would like to join the gentleman from West Virginia and the other Members who have spoken here with reference to the need and desirability for the President to sign the legislation which I understand has gone down to his office today. It seems to me, Mr. Speaker, that the observations which were made by the gentleman from California just now are extremely pertinent, which indicate beyond any shadow of doubt that this legislation is needed, to take care of unemployment that has persisted over these many years in ever-increasing numbers in some areas, including my own. It is not only necessary to take care of that condition, but it is also necessary to take care of any future unemployment that could be caused by technological upsets or advances or by any changes in the patterns of weaponry in the various sections of the country. The people of my State, Mr. Speaker, have gotten a great deal of encouragement from the action which was taken by this House, and I know that they will get a similar reaction when they know

about the Senate action today. They are hoping and expecting that the President of the United States will go along with the Congress in approving this highly desirable and I may say, much-needed legislation. I join with the gentleman from West Virginia in the observations he has made and I thank him very much for the opportunity to so express myself.

Mr. HECHLER. Mr. Speaker, on Thursday morning the Charleston Gazette carried this story, and I quote:

President Eisenhower has given assurances of lending a hand toward helping West Virginia with its economic problems, Governor Underwood reported yesterday from Washington after a conference with the President.

Governor Underwood said President Eisenhower promised to urge all Federal agencies "to do what they could to help West Virginia."

On the strength of that I have sent a telegram to the Governor of my State as follows:

HON. CECIL UNDERWOOD:

Hope you will personally urge President Eisenhower to sign S. 722 the area redevelopment bill which will mean so much to the State of West Virginia and the economy of the entire Nation. The bill has passed both the House and Senate and will soon be on its way to the President.

I believe the way to help immediately would be for the President to sign the bill.

Mr. MOELLER. Mr. Speaker, will the gentleman yield?

Mr. HECHLER. I yield to the gentleman from Ohio.

Mr. MOELLER. Mr. Speaker, I feel compelled to voice my concurrence in the statements of the gentleman from West Virginia with respect to the urgency of this legislation in the sincere hope that the President will be prevailed upon to sign it into law. Of the three counties in the State of Ohio that are terribly affected at the present time by unemployment, one of them is within the confines of my district. I feel there are a number of other counties in my district affected just as badly. Every time I go down to visit with the people there the question is always raised, "What can be done to help us get on our feet?" My people are not interested in handouts. They do not want donations from the Government. They do, however, wish to have the opportunity, a favorable opportunity, through loans to get on their feet economically. For that reason I feel it is of great urgency. I know my district is very much like the district which the gentleman from West Virginia so ably represents. Our people are in dire need at this time of help and I sincerely hope that the President will be prevailed upon to sign this into law.

Mr. HECHLER. Mr. Speaker, I thank my friend from across the Ohio River in the 10th District of Ohio.

Mr. KING of Utah. Mr. Speaker, will the gentleman yield?

Mr. HECHLER. I yield to the gentleman from Utah.

Mr. KING of Utah. Mr. Speaker, I should like enthusiastically to endorse what the gentleman from West Virginia has said, and to associate myself with him in his remarks. I come from

a State, the State of Utah, which according to the committee report, would not receive one penny from this area redevelopment legislation, for the reason that there is not one community in Utah that would now qualify.

I endorse this legislation because it is basically and inherently right.

May I at this time commend the gentleman from West Virginia for the diligent, the vigorous, and the courageous fight which he has waged with others to secure the passage of this legislation. I have observed the gentleman. I have the privilege of sitting near him in the Space Committee. I have observed him in action. I know that he has raised his voice many times in behalf of this legislation. I know of his persuasiveness among his colleagues, and I have no question but that the passage of this bill has, in large measure, been due to his own particular efforts.

May I add this further thought. The President of the United States, just 1 day before this bill was taken up by this body, sent us a message in which he insisted, among other things, that action be taken in this general area of legislation.

I should like to quote one or two sentences from his message. The President said:

Area redevelopment legislation also needs priority attention. I have long urged legislation authorizing loans and technical assistance to help areas afflicted with long-term substantial unemployment resulting from technological changes. The purpose is to diversify these economies and thereby create new sources of private employment.

And he concludes by saying:

For this purpose I have recommended a Federal program amounting to \$53 million to be expended for loans and technical assistance.

And so, Mr. Speaker, I make the assertion: If the President of the United States in delivering this message was sincere—and I am certain that he was, I do not question his sincerity for a minute—then this is the time for that sincerity to become manifest by his approving the bill that will be shortly placed upon his desk. I join with the gentleman from West Virginia in appealing to him to do this.

Mr. HECHLER. I appreciate the comment of the gentleman from Utah.

In that very same message which the gentleman from Utah cited, the President pointed out with reference to the mutual security funds:

Widespread chaos and misery cannot provide a world climate in which our free Republic can prosper and remain secure. There is for America no higher purpose nor greater need than to measure up to her world leadership responsibilities.

It seems to me that this is a challenge which applies not alone to the world but to our own front doorstep as well.

Mr. O'HARA of Illinois. Mr. Speaker, will the gentleman yield?

Mr. HECHLER. I yield.

Mr. O'HARA of Illinois. Mr. Speaker, I commend the gentleman in the well, the distinguished Representative from West Virginia, my good and valued friend, Mr. HECHLER, not only for voicing an

appeal to the President at this time but for the fine, hard fight he has made for this legislation for many long, hard months. Few Members have contributed in fuller measure to the passage of the bill in the House.

Mr. Speaker, at this time everybody in America must be alerted to the condition that obtains in the State of West Virginia. This primary contest there has served to focus attention upon the plight of the people of West Virginia. I do hope that the President of the United States will have the heart and the vision quickly to sign into law a measure that is a matter of life or death to so many fine families in the distressed areas.

At the present time we do not have in my district the condition that is now so widespread in West Virginia, but the day is not far off in this changing period, where one industry is folding up and another is expanding, when people must have available to them training to go from a job in one employment to another in a different field. So much now is needed in West Virginia, southern Illinois, parts of Ohio, and other States, but not immediately needed in my district. Yet very soon it will be needed in my district. I do hope the President of the United States will have the vision to contemplate what is ahead and the importance of this measure, not only for the present relief of the suffering of unemployed families, but for the safeguarding of the future in an age of automation.

Mr. HECHLER. I thank my friend from Illinois. I think his remarks and the remarks of my friend from Utah indicate that even though their districts are not directly affected they have the statesmanship to understand what this bill will do for the economy of the Nation. When Khrushchev says he is going to bury us he does not mean with bombs, he means economically. In order for this Nation to move forward economically we can no longer afford the luxury of chronic distressed areas, or pockets of unemployment.

Mr. LEVERING. Mr. Speaker, will the gentleman yield?

Mr. HECHLER. I yield to the gentleman from Ohio.

Mr. LEVERING. I rise to compliment my colleague from the State of West Virginia on the statement he is making urging the President to sign the depressed areas bill which passed the House and Senate and will be sent to the White House for the President's consideration. I think it is extremely appropriate that we consider this matter today especially in view of the policy of our Government of late to award defense contracts to foreign companies. I am sure we would all agree that if we are to successfully meet the threat of communism we must remain economically strong. It happens that at this very time I and other Members of the Congress are very much concerned about whether a defense contract for 39 locomotives for the Panama Canal Co. to tow ships through the locks will be awarded to the Plymouth Locomotive Co. in my district, a fine small company hiring less than 250 people, or whether

it will be awarded to a Japanese firm, the Mitsubishi Co., one of the world's largest combines and with one of the cheapest labor markets in the world. We have been contending that we really ought to mean what we say about wanting to help small business in America under the terms of the Buy American Act and the Small Business Act.

Administration leaders have done a great deal of talking about how we want small business to participate in these defense contracts, but I am appalled day after day to see some of our fine small businesses having to yield to some foreign bidders on our defense contracts. I know in this particular case in Plymouth, Ohio, we have an unemployment situation now which is growing worse and fast approaching the condition of a critically distressed area. Again I say the gentleman's remarks are extremely appropriate today. The President ought to give favorable consideration to this legislation for the reasons he has so clearly stated. I am confident that the "anybody but America" policies of the administration—the policies which seem to suggest that we can afford anything for peoples abroad but cannot afford to meet the needs of our own, has helped to a great extent in causing distressed areas throughout this land of ours.

Mr. Speaker, the law firm headed by a former candidate for President of the United States, representing the Mitsubishi Co., I am told, is contending that the future of our relations with Japan may hinge on the decision in this Locomotive case. It seems to me this is hardly an endorsement of our foreign aid program under which we have spent some \$2,526,000 since the end of World War II up to June 30, 1959.

Mr. Speaker, I have received a great deal of encouragement in my fight on behalf of Plymouth from the people in my own 17th Ohio District. This is only natural. But some of my colleagues and I have received many communications from all parts of the country in support of my position in this case. In this connection I insert in the RECORD at this point some typical messages which express the concern of our citizens about the threat from foreign competition to our own economic well-being:

Hon. ROBERT W. LEVERING,
House of Representatives,
Washington, D.C.

DEAR MR. LEVERING: I have written my Senator that my vote is for Plymouth Locomotive Works. This Nation is giving away all its money. Now its giving away its jobs, we're holding up the world and letting our own down. We rose, and now we're falling fast (who will write of our "Rise and Fall"?).
A KEY WESTER.

MIAMI, FLA., April 23, 1960.

Hon. ROBERT W. LEVERING.

DEAR SIR: I read with interest, in my local paper, that you are blocking the Japanese Mitsubishi Co. from obtaining an Army contract.

As a former Japanese prisoner of war, captured on Bataan, I am with you 100 percent. Thank God for men like you, who know what it is to suffer in a war, who now have the opportunity to speak out and make themselves heard.

By all means give the contract to Americans. Perhaps, if some of the members of your opposition would have been subjected to some of that wartime Japanese hospitality, they wouldn't be so eager to please the Japanese businessman.

So keep up the good work, Mr. LEVERING. I know that I am not the only ex-GI that agrees with you.

Respectfully yours,

THOMAS ZOLEUSKI.

BROADWAY DISCOUNT SALES,
Alliance, Ohio, April 23, 1960.

Hon. ROBERT W. LEVERING.

SIR: In your fight to keep the Army contract in this country, is something every one should go along with. Just like in World War II, you are fighting for a good cause. Not every time money is the most important. I, like you, feel this contract should go to the Mansfield firm.

ROY C. GUESS.

OMAHA, NEBR., April 27, 1960.

GLENN CUNNINGHAM, Esq.,
Member of Congress,
Washington, D.C.

DEAR GLENN: One of your fellow Congressmen, ROBERT W. LEVERING from Ohio, is endeavoring to keep a contract to furnish our Army some 39 locomotives at \$3,829,900, for use on the Panama Canal, from going to the Mitsubishi Co. in Japan. Mr. LEVERING is endeavoring to have the contract awarded to the Plymouth Locomotive Works, near Mansfield, Ohio for \$4,741,867. The latter will pay the Government close to \$500,000 taxes. For the difference in quality of materials and workmanship the Government will get a great deal more than the \$500,000 in taxes. Mr. LEVERING puts up some excellent arguments why the Plymouth firm should be awarded the contracts and I agree with him 100 percent.

I hope, GLENN, you can find time to give Mr. LEVERING an "assist" on this.

Sincerely yours,

PHI T. GRAHAM.

Mr. LEVERING: You may be surprised to get word anybody out of your district, especially as far west as Omaha, could be interested in your effort, but I'm not a native of the Buckeye State for nothing. I still love it.

PHILIP GRAHAM.

(From Portsmouth.)

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. HECHLER. I yield to my distinguished majority leader, the gentleman from Massachusetts.

Mr. McCORMACK. While it is very well to urge the President to sign this bill, I am going to go further and say that the President should sign the bill. This bill is an investment in America. I wish the President would take a little time and go out and visit these depressed areas. He has traveled in South America, the Middle East, Europe, and now he is going out to the Far East—and that is all very well. He is going to a summit meeting, but he ought to have a summit meeting here in the United States in connection with legislation of this type. I hope the President will get the views of some forward looking and progressive Republicans before he acts on this bill. Having in mind the hundreds of thousands of people in West Virginia, Pennsylvania, Kentucky, Ohio, and other parts of the country who are looking with hope to the passage of this bill, a veto would show a heartless disregard for the best interests of the people in these distressed areas as well as a disregard for the best interests of our country as a whole. Only a few days ago, the President referred to this in his message. Of course, we know that his program is innocuous and inadequate. His program will in no way scratch even the surface of this problem. We, in the Congress, undertook to put through a program that he could sign and that he should sign into law. If we had a Democratic President, it would be a much bigger program—as it should be. This is a program calling for \$200 million in loans and \$51 million in grants. For the \$200 million in loans, the local communities and the local interests will spend from 5 to 10 times as much on capital investments. Actually, an investment of \$200 million will produce at least \$1 billion in the operation of this program. The provision of \$51 million in grants will operate in the same way. There again the local communities and the local businesses will spend from \$5 to \$10 for each dollar that the Federal Treasury puts out. Therefore, this is more than a \$251 million program when it comes to its practical operation. The President sent his message to us last Tuesday, and that was rather unusual timing. I do not say the President knew that Calendar Wednesday business would be in order on last Wednesday and that we were going to call the bill up on Calendar Wednesday, but certainly he did send his message up on Tuesday and that made it more embarrassing for those of us who favored this legislation in getting the bill through on Wednesday. The President could have just as well sent his message up last week. He could have sent his message up on Thursday. But somehow or other, it was timed for Tuesday. The message had to be read word for word when on Wednesday the Journal was being read. As we all know, points of order were made that a quorum was not present and every time it was established that a quorum was not present, that meant three rollcalls—which all amounted to a filibuster in an effort to prevent the bill from being considered. Now I do not charge the President with sending up his message on Tuesday in order to interfere with the operation of Calendar Wednesday and to interfere with those of us who favored this bill, but it is an unusual coincidence, that it happened that his message should come to the House of Representatives on the day before Calendar Wednesday. In his message he asked for the cooperation of the Congress—of course, from the Democratic leadership. The other day I said that the President has never asked the Democratic leadership to come to the White House to talk to him about legislation to see where and how we could have a meeting of minds on legislation. This is his eighth year in office. The Democratic leadership on this side of the Congress has never been asked.

We have been invited down for briefings, but that is entirely different. That is entirely different from being invited down to discuss legislation.

Now, we put this bill through. It will be before the President in a short

time. I hope he will study it. I hope he will try to get some information in those areas throughout the country where there is at present permanent unemployment and there are human beings, American families, there looking to the breadwinner to bring home food for the family and to pay the rent and take care of other household duties.

I hope the President will cooperate with Congress, and that means with the Democratic leadership. We have put the bill through. He has asked for cooperation, and we have given him the bill. Now let him sign it.

Mr. HECHLER. I appreciate the remarks of my majority leader. I was glad, as I know many Members were, to sit here Wednesday through the many quorum calls, because we could see victory in sight. It was sweet indeed on Wednesday evening, even though it took long hours of rollcalls and quorum calls. I ought to be back in the State of West Virginia right now, because I have a primary opponent in next Tuesday's election. But I believe I am serving the State of West Virginia and the Nation far better by getting up here before the House this afternoon and urging that the President sign this bill.

We have heard much talk about how to balance the budget. I believe in a balanced budget. I believe that we can balance the national budget if people can balance their individual budgets. I believe that can best be done by putting people back to work, through the assistance of the area redevelopment bill.

Mr. PROKOP. Mr. Speaker, will the gentleman yield?

Mr. HECHLER. I yield to the gentleman from Pennsylvania.

Mr. PROKOP. I am happy to rise and associate myself with my distinguished colleague from West Virginia and preceding speakers in urging the President to sign this most desperately needed legislation. In my particular district we have 16.6 percent of our labor force unemployed. During the last 10 years the people of my area have, through voluntary contributions, spent more than \$10 million to try to help ourselves. I believe the people of my area are to be commended for the fine work they have been doing in trying to bring back employment. I believe the President should take heed at this particular time and sign this bill which is so urgently needed by the various sections of this Nation.

I again commend my distinguished colleague from West Virginia for the excellent work he is doing on this particular legislation.

Mr. HECHLER. I thank the gentleman from Pennsylvania.

Mr. Speaker, I close by urging the President of the United States to sign S. 722 for the interests of the entire Nation.

The SPEAKER pro tempore. The time of the gentleman from West Virginia has expired.

AREA REDEVELOPMENT BILL

Mr. BOW. Mr. Speaker, I ask unanimous consent to proceed for 15 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BOW. Mr. Speaker, I have listened with interest to the remarks that have been made today calling upon the President to sign the Area Redevelopment Act. I did not expect to speak here today, but when I have heard some of the Members of this House indicate that the President of the United States had no interest or care for the underprivileged and those who are in need and in want, I cannot sit by and not speak out.

I do not believe there has ever been a President of the United States who has the concern of the people more deeply in his heart than has President Eisenhower; and when there is an indication made that President Eisenhower may not know of the want and the distress in some of the areas of the country I just wonder how anyone can make that statement, for the President has been deeply concerned with all the people, and he knows of the need.

The President sent messages here time and time again asking that something be done to relieve these situations. It has not been done until just the other day; and in 6 of the 8 years of the administration the Congress of the United States has been controlled by the Democratic Party with the majority on that side to put through these bills if they were so desperately needed.

Mr. HECHLER. Mr. Speaker, will the gentleman yield?

Mr. BOW. Not at this time; I will yield later.

The President asked for fifty-some million dollars and in came a bill for \$350 million. I voted against the area redevelopment bill the other day with reluctance, because I may say to the gentleman from West Virginia, I know of the situation in his State and I want his people helped. I know of the situation in Pennsylvania, and I want those people helped, likewise in Kentucky. But as I pointed out on the floor the other day when the bill was being considered, instead of granting the \$53 million asked for by the President, which would give adequate help in the areas where it was desperately needed, in came a bill for \$350 million. The gentleman from California stated a few moments ago that he would answer questions and tell us how this money would be used. I would like an answer to the question of what you are going to do to rehabilitate Atlantic City, N.J., out of this \$350 million.

Oh, it seems to me a shame that you will put in the report of a bill where the people so desperately need help such an item as the one for the redevelopment of Atlantic City. Are the taxpayers of the United States—and they are your taxpayers too—going to be called upon for redevelopment in Atlantic City?

Let me remind you of something I said here the other day. Here is another area that in this \$350 million bill you say needs redevelopment, Bristol, Tenn. Let me just read to you briefly about Bristol. This is from the Bristol, Tenn., Chronicle of March 6, 1960. Now, this

is an area where you need part of this \$350 million to redevelop, you say.

"Area Builders Undergoing the Biggest Boom in History" is the headline:

Despite the fridity of one of the worst winters in years, the area's builders are in the midst of the biggest building boom in history.

Either under construction now or planned for the near future is a total of \$105,669,231 in major building projects. These projects are within a 50-mile radius of Johnson City.

And it goes on to tell of the great boom. Just look at the RECORD, page 8761, and you will find other areas of Tennessee who say they do not want this help; but they are in here. You say they need help; they say they do not. Many who are in need may suffer because of the irresponsible manner in which this bill has been brought to the floor.

Now, let us face up to the facts.

If the President's bill had been adopted, the bill of the man with a heart, who believes in taking care of those who need help, calling for \$53 million, it would have been signed. But you come to the floor and you beg the President, yes, some have demanded him, to sign a bill that includes in it boom areas and asks all of the people of the country to pay for the redevelopment of boom areas, including Atlantic City.

I said earlier today that they are going to be running the Kentucky Derby tomorrow out in Louisville, Ky. I hope all those people attending the Kentucky Derby will look around at that situation, for Louisville, Ky., is listed in this \$350 million bill. If they had adopted the \$53 million bill of the President, the man with a heart, who for months has been trying to get this Democrat Congress to do something about it, you would not be here today urging that your people who are so desperately in need be taken care of. It would have been done if you had followed the leadership of Dwight Eisenhower.

Another thing that was interesting to me was to hear it said here today that there were some quorum calls and rollcalls here the other day trying to block this bill. These statements by the same people who were accusing the President of the United States of not having a heart. But I ask you to look at the record. From which side of the aisle did those quorum calls and requests for votes come?

Mr. Speaker, I hope the gentlemen who today have said that the President of the United States has no heart for the people who are downtrodden or up against it or in need will correct that statement. We have had a lot said to us because we send money abroad and we ought to spend it here. With that I agree. My record is such that I can agree. I have not voted to send it abroad. I have always thought we should be doing more for our people. May I say to my colleague from Ohio I have been as much concerned about the Plymouth contract as he is. I think I was the first one to raise the question on the floor of the House. I was concerned about the steel question where steel was purchased abroad and sent over here. But, Mr. Speaker, if you will

repeal the Reciprocal Trade Agreements Act that was started under the Democrat administration and continued on down and adopted by my administration, and when we get rid of the Reciprocal Trade Agreements Act, we will be able to give some real protection to American industry. We will not see some of our industries folding up, and we will not need these redevelopment bills.

So I ask you to join with the gentleman from West Virginia [Mr. BAILEY], on the other side of the aisle, and myself in this effort. The gentleman from West Virginia [Mr. BAILEY] is one of the great champions of protecting industry. I admire him so much for it for he has in his heart the thoughts of his own people.

Mr. HECHLER. Mr. Speaker, will the gentleman yield?

Mr. BOW. I yield to the gentleman from West Virginia.

Mr. HECHLER. I know my colleague wants to be fair. I do not believe in my statement I indicated that the President of the United States did not have a heart. I was merely appealing to him to utilize his heart, and sign the bill. I take it the gentleman from Ohio is opposed to the bill, and would like the President to veto it?

Mr. BOW. My vote will show that I voted against the \$350 million bill and if the President vetoes that bill I will vote to sustain his veto. Then I hope the leadership on the Democratic side will bring in the \$53 million bill. Let us pass it, let the President sign it, and give your people help, and not indulge in a lot of boondoggling in the amount of \$350 million for a lot of areas that do not need it. Let us begin to get some fiscal responsibility.

Mr. HECHLER. Mr. Speaker, if the gentleman will yield further, I sat during weeks of hearings in the State of West Virginia last year on this bill, and the Governor of our State, Republican Governor Underwood, when asked which of these bills would be more efficacious and reach the root of the problems as they exist in West Virginia, responded in the hearings before the Senate subcommittee: "I do think it important and emphasize that the provisions in the bill which you mentioned offering assistance in retraining and economic studies are in my opinion very essential and very helpful." That is on page 995 of the subcommittee hearings.

I submit that the President's bill not containing those items would be of very little assistance in the chronically depressed areas.

I would like to ask the gentleman further, since he mentioned the source of the quorum calls, how he voted on them.

Mr. BOW. I voted with them. I did not want to see the \$350 million bill passed. I would have voted for the \$53 million bill, and we could have passed a bill here this week that would have been signed by the President of the United States if you would have accepted it instead of going for the places that I have here pointed out in the boom areas. And, you will find them in the record. They are in the hearings.

Mr. HECHLER. I think, my friend, we have an honest difference of opinion.

Mr. BURKE of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. BOW. I yield.

Mr. BURKE of Kentucky. I know the gentleman from Ohio wants to be eminently fair, and I think he is attempting to state the bill as it passed, but I call his attention on page 8785 of the RECORD where the amendment of the gentleman from Pennsylvania [Mr. FLOOD] was adopted. I appreciate the concern which the gentleman from Ohio has evidenced for my home district of Louisville, and calling attention to the events there tomorrow. But, the bill that passed the House and the bill that passed the Senate and the bill which will be before the President by virtue of the amendment offered by the gentleman from Pennsylvania [Mr. FLOOD] will not include my home city nor probably will it include Atlantic City, nor will it include upon application any other city where the employment level at the time of application is above the minimum set. I see how the gentleman, from looking at the committee report and in looking at some of the things said earlier, might have reached the conclusion that he did, but the bill that was passed is not the bill which the gentleman describes.

Mr. BOW. I quite agree with the gentleman. It is not the bill I described. But, it is a bill that includes some of these areas. I think the final passage was over \$200 million? What was finally passed by the Senate today?

Mr. BURKE of Kentucky. The vote on the bill?

Mr. BOW. No. I am talking about the amount involved.

Mr. BURKE of Kentucky. Two hundred and fifty-one million dollars.

Mr. BOW. As against \$53 million. And, that \$53 million, according to the studies that have been made, would have taken care of the needy.

I am delighted to see that the gentleman's area is not going to be in this bill; that you are in good shape now, and that the Derby will even help you more, because they tell me that the price of mint juleps has gone up, and most of that money stays right in Louisville. And, I am delighted to know that this new industry is flourishing in Louisville.

Mr. Speaker, in closing may I say again that the President of the United States, Dwight Eisenhower, has done more for the people of this country than any other in our history. This has been proven time and time again. What he does on this bill will be in the best interest of the United States.

To those who have implied the President has no knowledge of conditions, I can only say they are ill-informed or deliberately misstating facts in an effort to gain political advantage.

There should be no partisan politics where human suffering is concerned. It is unfortunate that the earlier remarks of some who have spoken are in that vein.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

(Mr. BURKE of Kentucky asked and was given permission to proceed for 2 minutes.)

Mr. BURKE of Kentucky. Mr. Speaker, I will say to the gentleman that he has referred to a very old industry, and that the subject of this colloquy was called to my attention first today by the Associated Press. In pointing out to them the true nature of the bill, as being different from that which the gentleman described, I assured the press that the gentleman from Ohio is a very distinguished legislator, but that it was my opinion that as a purveyor of comedy he had poor writers.

FORAND BILL LOBBY BOGS DOWN

(Mr. CURTIS of Missouri (at the request of Mr. QUIE) was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CURTIS of Missouri. Mr. Speaker, in my speech on the floor of the House on Monday, May 2, 1960, I pointed out the inaccurate reporting of the media concerning the pressures on the Congress for the Forand bill.

I hope the various columnists and editors who were telling the people and their Representatives in Congress that the old people were on the march will read the article from the St. Louis Labor Tribune of April 28, 1960, which I am now inserting in the RECORD as part of my remarks.

A LABOR REPRESENTATIVE SPEAKS OUT
(By Larry Connors, directing business representative, Machinists District No. 9)

WANTED: ACTION! ACTION! ACTION!

This is an emergency call for your help to get quick action on the Forand bill in Congress. Letters are badly needed.

The Forand bill is a top priority goal for the organized labor movement. It is urgently needed to help elderly persons meet the skyrocketing costs of sickness.

The bill would: Provide hospitalization, nursing home, and certain surgical benefits for those receiving social security payments. Increase employee and employer contributions by one-fourth of 1 percent of wages each, to pay for the program. Permit choice of doctors, hospitals, and nursing homes by the patient.

The first step in passing this bill is to secure approval by the House Ways and Means Committee.

Here's how you can help. Organize your family, your friends, the neighbors on your block, union members, and anyone else you can think of today, to start writing letters to Congress.

Make sure that all of the people who participate are registered voters. Write the letters in long hand even if your writing is bad. Tell your Representatives that you are counting on them to support and vote for H.R. 4700, the Forand bill. Be sure and give your full name and your home address, and give them some of your reasons for wanting the bill passed.

It would be a smart idea to organize some letter writing meetings at homes. Pass the hat around and let someone be responsible for getting the stationery and stamps together. Draw up some chairs to the tables, put on the coffee pot and while the aroma of the percolating brew is giving you inspiration, take your pens in hand and write something like this to your Congressman: (If you are not sure who your Congressman

is, call the union office and ask, or call your local postmaster).

"Honorable John Doe,
"House Office Building,
"Washington 25, D. C.

"DEAR SIR: I am a registered voter. I live at (give your address and city).
"I hope you will support and vote for H.R. 4700 the Forand bill to help the aged.
"Very truly yours,
"JANE SMITH."

Then write to your Senators. Their letters should be addressed to the Honorable John Jones, Senate Office Building, Washington 25, D.C.

The above is just a sample letter. You can add to it or change it, whatever you wish. The important thing is to get the letters rolling in immediately and to let the Members of Congress know that you want this bill passed.

We especially urge those of you whose Representatives may be members of the House Ways and Means Committee to really see to it that they are flooded with mail. Here are the members names:

WILBUR MILLS, Arkansas; AIME FORAND, Rhode Island (author of the bill); CECIL KING, California; THOMAS O'BRIEN, Illinois; HALE BOGGS, Louisiana; EUGENE KEOGH, New York; BURR HARRISON, Virginia; FRANK KARSTEN, Missouri; A. S. HERLONG, Florida; FRANK IKARD, Texas; THADDEUS MACHROWICZ, Michigan; JAMES V. FRAZIER, Tennessee; WILLIAM GREEN, Pennsylvania; JOHN C. WATTS, Kentucky; LEE METCALF, Montana; NOAH MASON, Illinois; JOHN BYRNES, Wisconsin; HOWARD BAKER, Tennessee; THOMAS CURTIS, Missouri; VICTOR KNOX, Michigan; JAMES UTT, California; JACKSON BETTS, Ohio; BRUCE ALGER, Texas; and ALBERT BOSCH, New York.

There are many more signatures to the Forand bill that will benefit not only our neglected aged, but younger working people too.

SEVENTY-SIXTH BIRTHDAY OF HARRY S. TRUMAN

(Mr. ROOSEVELT (at the request of Mr. BURKE of Kentucky) was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ROOSEVELT. Mr. Speaker, yesterday my colleague, the gentleman from Missouri [Mr. RANDALL], paid a well-deserved tribute to Harry S. Truman as he approaches his 76th birthday on Sunday on Sunday, May 8.

I wish to associate myself with Mr. RANDALL's remarks, for he certainly sets forth the fine caliber of the man and the fine caliber of a devoted public servant.

Mr. Truman is a man of decision, whether in or out of public office. He is a forceful reminder that in the complex, ever-changing world in which we live firm leadership is the pressing need of our time.

I salute the gentleman from Missouri on his birthday and wish him continued good health and happiness in the years to come.

INVESTIGATION OF EMPLOYMENT, UTILIZATION, AND RETENTION OF OLDER FEDERAL CIVILIAN EMPLOYEES

(Mr. LESINSKI (at the request of Mr. BURKE of Kentucky) was given permission to extend his remarks at this point

in the RECORD and to include extraneous matter.)

Mr. LESINSKI. Mr. Speaker, yesterday, May 5, 1960, I introduced House Resolution 522 which provides for a special investigation and study on the employment, utilization, and retention of older workers in the Federal Government. The purpose of the investigation and study will be to insure the adoption of a general policy by the Government for attracting and retaining the skills, abilities, and training possessed by older persons. Such a policy should contribute measurably to the economy and efficiency in the operations of the Government. Appropriate consideration of older persons should also facilitate more effective recruitment and retention by the Federal Government of an adequate work force of civilian personnel in positions at all levels of responsibility.

This study will be another step toward alleviating some of the more pressing problems of the aged which I consistently have been attempting to overcome by my support of legislation to increase benefits of the aged under the civil service retirement plan, social security, and Railroad Retirement.

It is well recognized that the average age of the population in the United States increases from year to year. By 1985, approximately one-half of the population of the country will be over 45 years of age. This means that an increasingly large segment of the work force and of the population available for appointment to new or different jobs in the Government service have the maturity, skills, and abilities, which come only from long experience in their chosen fields. It is essential that steps be taken to insure that the Federal Government does not fail to utilize these values in the older members of our work force as a result of shortsighted overemphasis on the recruitment of younger less-experienced trainee-type individuals for responsible positions in the Federal service.

The recruitment of young college-trained technical and professional people is essential to meet the needs of Government in these dynamic times. It is equally important, however, in my view, that we maintain a proper balance in the work force by giving attention also to the recruitment and utilization of workers whose special talents and skills have been enhanced by longer experience.

Some of the special problems relating to the older workers in Government were disclosed during recent hearings on office automation conducted by the Subcommittee on Census and Government Statistics, of which I am chairman. It was shown during these hearings that frequently the jobs which are eliminated as a result of automation are held by older employees with long years of service. The same kind of situation frequently is found where reorganizations occur as a result of changes in the missions of Federal agencies. It is important in these circumstances that there be continuing emphasis on programs for

the training and retraining of such employees to insure the continued effective employment in the Government wherever possible. I am convinced that programs of this sort are necessary, not only to protect the equitable rights of the employees, but, also, as a practical matter to protect the substantial Government investment which is represented by the long careers of these valuable public servants.

A recent study conducted by the Bureau of Labor Statistics concerning the productivity of office workers disclosed that Government agencies had a higher percentage of employees over age 55 than do private companies. Conversely, the private concerns had a much higher ratio of employees under age 25. This results in part from certain measures which now exist to protect the interests of older persons in connection with Federal employment; for example, a maximum age limitation for most Federal jobs is prohibited by law. The procedures for conducting reductions in force also placed emphasis on length of service which tends to favor the older worker. While these and other measures had some effect, the investigation I am proposing would be directed to insuring that there be continuing attention to the problem of the older worker and that such additional measures as might be necessary are installed to insure that there is no discrimination on the basis of age in connection with the appointment or retention of persons in the civilian service of the Government.

ALL GROUPS AGREE ON A SOLUTION TO THE FARM PROBLEM— WHY NOT ADOPT IT?

(Mr. FLYNN (at the request of Mr. BURKE of Kentucky) was given permission to extend his remarks at this point in the RECORD.)

Mr. FLYNN. Mr. Speaker, there are approximately 360 million acres of land producing crops in the United States. Productivity of this land has increased faster than the population. Productivity has increased faster than the need of the people for the produce that is grown. We have attempted, at tremendous expense, to store, to hold in reserve, to sell to foreign countries or to barter away the surplus. None of these programs have worked and there has been much waste and the loss of billions of dollars annually to the American taxpayer in an attempt to solve the problem of overproduction and surplus.

The cheapest and easiest way of solving the problem of over-productivity and surplus and the best way of bringing domestic supply into balance with domestic demand is to remove from production, a sufficient number of acres to accomplish this result. When supply balances with demand, the economic laws governing all business will apply, and farmers will be able to receive a fair price for their products. I introduced a bill last year calling for the removal of 80 million acres of land from production. I discussed, at great length, this proposal during my last campaign. I

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of May 13, 1960
86th-2d, No. 88

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House subcommittee voted to report bill to extend minimum national extra long staple cotton quota. Senate received President's veto message on depressed areas bill. Sen. Dirksen inserted Secretary's Chicago speech.

SENATE

1. DEPRESSED AREAS. Received the President's veto message of S. 722, the depressed areas bill (pp. 9569-70). With respect to Federal loans for the construction of industrial buildings in rural areas, the message includes the following statement: "S. 722 would make a minimum of 600 rural counties eligible for Federal loans for the construction of industrial buildings in such areas. The rural development program and the Small Business Administration are already contributing greatly to the economic improvement of low income rural areas. Increasing the impact of these two activities, particularly the rural development program, is a preferable course."

Sen. Douglas criticized the veto of the bill as "another example of callous indifference on the part of the present administration toward depressed communities and unemployed men and women." pp. 9570-3

2. SURPLUS COMMODITIES; MILITARY HOUSING. Passed with amendments H. R. 10777, the military construction bill (pp. 9529-57, 9561-4). Conferees were appointed. The report of the Armed Services Committee, on this bill, includes the following statements:

"Section 511...will require the use of foreign currencies acquired by the Commodity Credit Corporation pursuant to the provisions of the Agriculture Trade Development and Assistance Act of 1954 for the construction or acquisition of any family housing project or community facility in any foreign country unless specifically excepted..."

"The committee has been informed that beginning this year, direct appro-

priations (classed as 'currency restricted' appropriation) will be utilized to reimburse the Commodity Credit Corporation for foreign currencies at the time they are used. Further use will not be made of reimbursement from quarters allowances withheld from occupants of the housing, as authorized by section 407 of Public Law 83-765, as amended. For this reason, authorization for appropriations for surplus commodity housing projects is requested in the bill in the same manner as for other appropriated fund projects."

3. RURAL LIBRARIES. The Labor and Public Welfare Committee voted to report (but did not actually report) with amendment S. 2830, to amend the Library Services Act so as to extend for 5 years the authorization for appropriations. p. D413
4. FOREIGN AFFAIRS. The Foreign Relations Committee reported without amendment S. 3074, to provide for participation of the United States in the International Development Association (S. Rept. 1349). p. 9498
5. RESEARCH. The Interstate and Foreign Commerce Committee reported without amendment S. 1235, to authorize the Secretary of Commerce to enter into contracts for the conduct of research in the field of meteorology (S. Rept. 1348). p. 9498
6. FARM PROGRAM. Sen. Dirksen inserted Secretary Benson's speech in Chicago before the National Restaurant Association discussing various aspects of the farm program. pp. 9519-21
Sen. Dirksen inserted the recommendations of the Democratic Advisory Council with respect to agricultural policy, and the statement of the Secretary commenting on these recommendations. pp. 9521-2
7. SURPLUS GRAIN. Received from the Secretary of the Interior a proposed bill to "authorize the use of surplus grain by the States for emergency use in the feeding of resident game birds and other wildlife"; to Interstate and Foreign Commerce Committee. p. 9498
8. PERSONNEL. Received from the Attorney General a proposed bill to "amend section 507 of the Classification Act of 1949, as amended, with respect to the preservation of basic compensation in downgrading actions"; to Post Office and Civil Service Committee. p. 9498
Sen. Morse inserted his statement before the Senate Post Office and Civil Service Committee urging a pay increase for Federal employees. p. 9504
9. ADJOURNED until Mon., May 16. p. 9574

HOUSE

0. COTTON. The Cotton Subcommittee of the Agriculture Committee ordered reported to the full committee H. R. 11049, to treat all basic agricultural commodities alike with respect to the cost of remeasuring acreage; H. R. 11646, provide a penalty for violation of the cotton classing law; and H. R. 12115, to extend the minimum national marketing quota for extra-long staple cotton to the 1961 crop. p. D413
1. PROPERTY. The Public Works subcommittee ordered reported to the full committee H. R. 11522, to permit certain U. S. property to be conveyed to States, municipalities, and other political subdivisions for highway purposes. p. D414

AREA REDEVELOPMENT ACT—VETO MESSAGE

M E S S A G E

FROM

THE PRESIDENT OF THE UNITED STATES

RETURNING

WITHOUT APPROVAL THE BILL (S. 722) ENTITLED "AN ACT TO ESTABLISH AN EFFECTIVE PROGRAM TO ALLEVIATE CONDITIONS OF SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT AND UNDEREMPLOYMENT IN CERTAIN ECONOMICALLY DEPRESSED AREAS"

MAY 13, 1960.—Read and ordered to be printed

To the Senate of the United States:

I return herewith, without my approval, S. 722, the area redevelopment bill.

For 5 consecutive years I have urged the Congress to enact sound area assistance legislation. On repeated occasions I have clearly outlined standards for the kind of program that is needed and that I would gladly approve.

In 1958 I vetoed a bill because it departed greatly from those standards. In 1959, despite my renewed urging, no area assistance bill was passed by the Congress.

Now in 1960, another election year, a new bill is before me that contains certain features which I find even more objectionable than those I found unacceptable in the 1958 bill.

The people of the relatively few communities of chronic unemployment—who want to share in the general prosperity—are, after 5 years, properly becoming increasingly impatient and are rightfully desirous of constructive action. The need is for truly sound and helpful legislation on which the Congress and the Executive can agree. There is still time and I willingly pledge once again my wholehearted cooperation in obtaining such a law.

S. 722 is seriously defective in six major respects which are summarized immediately below and discussed in detail thereafter.

1. S. 722 would squander the Federal taxpayers' money where there is only temporary economic difficulty, curable without the special Federal assistance provided in the bill. In consequence, communities in genuine need would receive less Federal help for industrial development projects than under the administration's proposal.

2. Essential local, State, and private initiative would be materially inhibited by the excessive Federal participation that S. 722 would authorize.

3. Federal financing of plant machinery and equipment is unwise and unnecessary and therefore wasteful of money that otherwise could be of real help.

4. The Federal loan assistance which S. 722 would provide for the construction of sewers, water mains, access roads, and other public facilities is unnecessary because such assistance is already available under an existing Government program. Outright grants for such a purpose, a provision of S. 722, are wholly inappropriate.

5. The provisions for Federal loans for the construction of industrial buildings in rural areas are incongruous and unnecessary.

6. The creation of a new Federal agency is not needed and would actually delay initiation of the new program for many months.

I

The most striking defect of S. 722 is that it would make eligible for Federal assistance areas that don't need it—thus providing less help for communities in genuine need than would the administration's proposal. S. 722, as opposed to the administration bill, would more than double the number of eligible communities competing for Federal participation in loans for the construction or refurbishing of plants for industrial use—the main objective of both bills. Communities experiencing only temporary economic difficulty would accordingly be made eligible under S. 722 and the dissipation of Federal help among them would deprive communities afflicted with truly chronic unemployment of the full measure of assistance they so desperately desire and which the administration bill would give them.

II

Lasting solutions to the problems of chronic unemployment can only be forthcoming if local citizens—the people most immediately concerned—take the lead in planning and financing them. The principal objective is to develop new industry. The Federal Government can and should help, but the major role in the undertaking must be the local community's. Neither money alone, nor the Federal Government alone, can do the job. The States also must help, and many are, but in many instances and in many ways they could do much more.

Under S. 722, however, financing of industrial development projects by the Federal Government—limited to 35 percent under the administration's proposal—could go as high as 65 percent, local community participation could be as low as 10 percent, and private financing as little as 5 percent. Furthermore, although S. 722 conditions this assistance on approval by a local economic development organization, if no such organization exists one can be appointed from Washington.

III

S. 722 would authorize Federal loans for the acquisition of machinery and equipment to manufacturers locating in eligible areas. Loans for machinery and equipment are unnecessary, unwise, and costly. Much more money would be required and unnecessarily spent, much less money would find its way into truly helpful projects, and manufacturers would be subsidized unnecessarily vis-a-vis their competitors.

IV

S. 722 would authorize further unnecessary spending by providing both loans and grants—up to 100 percent of the cost—for the construction of access roads, sewers, water mains, and other local public facilities.

Grants for local public facilities far exceed any appropriate Federal responsibility. Even though relatively modest at the start, they would set predictably expensive and discriminatory precedents.

With regard to loans for such purposes, exemption from Federal income taxes makes it possible today for local communities in almost every case to borrow on reasonable terms from private sources. Whenever such financing is difficult to obtain, the need can be filled by the existing public facility loan program of the Housing and Home Finance Agency—a program which S. 722 would needlessly duplicate and for which an additional \$100 million authorization has already been requested.

V

S. 722 would make a minimum of 600 rural counties eligible for Federal loans for the construction of industrial buildings in such areas. The rural development program and the Small Business Administration are already contributing greatly to the economic improvement of low-income rural areas. Increasing the impact of these two activities, particularly the rural development program, is a preferable course.

VI

Finally, S. 722 would also create a new Federal agency and would, in consequence, mean many unnecessary additions to the Federal payroll and a considerable delay in the program before the new agency could be staffed and functioning effectively. None of this is necessary, for all that needs to be done can be done—much better and immediately—by the existing Department of Commerce.

Again, I strongly urge the Congress to enact new legislation at this session—but without those features of S. 722 that I find objectionable. I would, however, accept the eligibility criteria set forth in the bill that first passed the Senate even though these criteria are broader than those contained in the administration bill.

Moreover, during the process of developing a new bill, I would hope that in other areas of past differences solutions could be found satisfactory to both the Congress and the Executive.

My profound hope is that sound, new legislation will be promptly enacted. If it is, our communities of chronic unemployment will be only the immediate beneficiaries. A tone will have been set that would hold forth, for the remainder of the session, the hope of sound

and rewarding legislation in other vital areas—mutual security, wheat, sugar, minimum wage, interest rates, revenue measures, medical care for the aged, and aid to education, to mention but a few.

Only this result can truly serve the finest and best interests of all our people.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, May 13, 1960.

S. 712

EIGHTY-SIXTH CONGRESS OF THE UNITED STATES OF AMERICA, AT THE SECOND SESSION, BEGUN AND HELD AT THE CITY OF WASHINGTON ON WEDNESDAY, THE SIXTH DAY OF JANUARY, ONE THOUSAND NINE HUNDRED AND SIXTY

AN ACT To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Area Redevelopment Act."

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic redevelopment; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring employment opportunities from one area of the United States to another.

AREA REDEVELOPMENT ADMINISTRATION

SEC. 3. In order to carry out the purposes of this Act, there is hereby established, within the executive branch of the Government, an Area Redevelopment Administration. Such Administration shall be under the direction and control of an Administrator (hereinafter referred to as the "Administrator") who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the rate of \$20,000 per annum.

ADVISORY BOARD

SEC. 4. (a) To advise the Administrator in the performance of functions authorized by this Act, there is authorized to be created an Area Redevelopment Advisory Board (hereinafter referred to as the "Board"), which shall consist of the following members, all ex officio: The Administrator as Chairman; the Secretaries of Agriculture; Commerce; Defense; Health, Education, and Welfare; Interior; Labor; and Treasury; the Administrators of the General Services Administration; Housing and Home Finance Agency; and Small Business Administration; and the Director of the Office of Civil and Defense Mobilization.

The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

(b) The Administrator shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, and the public in general. From the members appointed to such Committee the Administrator

shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Administrator relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

(c) The Administrator is authorized from time to time to call together and confer with representatives of the various parties in interest from any industry, including agriculture, which has been a primary source of high levels of unemployment or underemployment in the several areas designated by the Administrator as redevelopment areas. The Administrator may also call upon representatives of interested governmental departments and agencies, together with representatives of transportation and other industries, to participate in any conference convened under authority of this subsection whenever he determines that such participation would contribute to a solution of the problems creating such unemployment or underemployment. The representatives at any such conference shall consider with and may recommend to the Administrator plans and programs to further the objectives of this Act with special reference to the industry with respect to which the conference was convened.

REDEVELOPMENT AREAS

SEC. 5. (a) The Administrator shall designate as "industrial redevelopment areas" those industrial areas within the United States in which he determines that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any industrial area in which there exists unemployment of not less than 6 per centum of the labor force on the date on which application for assistance is made under this Act and in which there has existed unemployment of not less than (1) 12 per centum of the labor force during the twelve-month period immediately preceding the date on which an application for assistance is made under this Act, (2) 9 per centum of the labor force during at least fifteen months of the eighteen-month period immediately preceding such date, or (3) 6 per centum of the labor force during at least eighteen months of the twenty-four-month period immediately preceding such date. Any industrial area in which there has existed unemployment of not less than 15 per centum of the labor force during the six-month period immediately preceding the date on which application for assistance is made under this Act may be designated as an industrial redevelopment area if the Administrator determines that the principal causes of such unemployment are not temporary in nature.

(b) The Administrator shall also designate as "rural redevelopment areas" those rural areas within the United States in which he determines that there exist the largest number and percentage of low-income families, and a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection, the Administrator shall consider among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are to the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, and the availability of manpower in each area for supplemental employment. There shall be included among the areas designated under this subsection any county (1) which is among the five hundred counties in the United States ranked lowest in level of living of farm-operator families, or (2) which is among the five hundred counties in the United States having the highest percentage of commercial farms producing less than \$2,500 worth of products for sale annually. The Secretary of Agriculture shall compile, and keep current, lists of the counties referred to in the preceding sentence, for use by the Administrator in making designations under this subsection; and until such time as a current version of such lists is available after the enactment of this Act, the Administrator shall make such designations on the basis of the "Farm-Operator Family Level of Living Indexes for Counties in the United States in 1954" (published as Statistical Bulletin 204, Department of Agriculture, 1957) and volume I of the "1954 Census of Agriculture" (Government Printing Office, 1956).

(c) In making the determinations provided for in this section, the Administrator shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

(d) Upon the request of the Administrator, the Secretary of Labor, the Secretary of Agriculture, and the Secretary of Commerce are respectively authorized to conduct such special studies, obtain such information, and compile and furnish to the Administrator such data as the Administrator may deem necessary or proper to enable him to make the determinations provided for in this section. The Administrator shall reimburse, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

(e) As used in this Act, the term "redevelopment area" refers to any area within the United States which has been designated by the Administrator as an industrial redevelopment area or a rural redevelopment area, and may include one or more counties, or one or more municipalities, or a part of a county or municipality.

LOANS AND PARTICIPATIONS

SEC. 6. (a) The Administrator is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including machinery and equipment) for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied factory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use. Such financial assistance shall not be extended for working capital, or to assist establishments relocating from one area to another when such assistance will result in an increase in unemployment in the area of original location.

(b) Financial assistance under this section shall be on such terms and conditions as the Administrator determines, subject, however, to the following restrictions and limitations:

(1) The total amount of loans and loan participations (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in industrial redevelopment areas shall not exceed \$75,000,000, and (B) with respect to projects in rural redevelopment areas shall not exceed \$75,000,000;

(2) Except as provided in subsection (c), such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision;

(3) The project for which financial assistance is sought is reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located;

(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms;

(5) No loans shall be made unless it is determined that an immediate participation is not available;

(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment;

(7) Subject to section 11(5) of this Act, no loan may be made hereunder for a period exceeding thirty years and no evidences of indebtedness maturing more than thirty years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Administrator as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor;

(8) Such loans shall bear interest at a rate determined by the Secretary of the Treasury which shall be not greater than the current average yield on outstanding marketable obligations of the United States of comparable maturities as computed (in the case of any loan) at the end of the month preceding the month in which the loan is made, plus one-half of 1 per centum per annum: *Provided* That an amount equal to one-fourth of 1 per centum per annum of the outstanding principal amount of any loan made under this section shall be allocated from the payments received by the Administrator in the form of interest on such loan to a sinking fund to cover losses on loans under this section;

(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including machinery and equip-

ment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project and shall, among others, be on the following conditions:

(A) That other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) That not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, as equity capital or as a loan;

(C) That in extending financial assistance under this section with respect to an industrial or rural redevelopment area, the Administrator shall require that not less than 5 per centum of the aggregate cost of the project for which such loan is made shall be supplied by nongovernmental sources; and

(D) That if any Federal financial assistance extended under this section is secured, the Administrator shall provide that its security shall be subordinate and inferior to the lien or liens securing other loans made in connection with the same project to the extent he finds such action necessary to encourage financial participation in such project by other lenders and investors; and

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Administrator an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by the laws of the State or local political subdivision in which the project would be located.

(c) If there is no agency or instrumentality in any State, or political subdivision thereof, qualified to approve applicants for assistance under this section as provided in paragraph (2) of subsection (b), the Administrator shall, upon determining that any area in such State is a redevelopment area, appoint a local redevelopment committee (hereinafter referred to as a "local committee") to be composed of not less than seven residents of such area who, as nearly as possible, are representative of labor, commercial, industrial, and agricultural groups, and of the residents generally of such area. In appointing any such local committee, the Administrator may include therein members of any existing local redevelopment committees. Financial assistance under this section in connection with projects located in a redevelopment area, for which a local committee has been appointed under this section, shall be extended only to applicants, both private and public (including Indian tribes), which have been approved by such local committee.

(d) There is hereby authorized to be appropriated not to exceed \$150,000,000, of which not more than \$75,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in industrial redevelopment areas, and not more than \$75,000,000 shall be deposited in a revolving fund which shall be used for the purpose of making loans under this section with respect to projects in rural redevelopment areas.

LOANS FOR PUBLIC FACILITIES

SEC. 7. (a) Upon the application of any State or political subdivision thereof, or any Indian tribe, the Administrator is authorized to make loans to assist in financing the purchase or development of land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any redevelopment area, if he finds that—

(1) The project for which financial assistance is sought will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the funds requested for such project are not otherwise available on equally favorable terms;

(3) the amount of the loan plus the amount of other available funds for such projects are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved economic development program as provided in section 6(b)(10) and the project for which financial assistance is sought is consistent with such program.

(b) No loan under this section shall be for an amount in excess of the aggregate cost of the project for which such loan is made, as determined by the Administrator. Subject to section 11(5), the maturity date of any such loan shall be not later than 40 years after the date such loan is made. Any such loan shall bear

interest at a rate determined by the Secretary of the Treasury which shall be not greater than the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the year in which the loan is made and adjusted to the nearest one-eighth of 1 per centum, plus one-quarter of 1 per centum per annum.

(c) There is hereby authorized to be appropriated not to exceed \$50,000,000, which shall be deposited in a revolving fund to be used for the purpose of making loans under this section.

(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

GRANTS FOR PUBLIC FACILITIES

SEC. 8. (a) The Administrator may conduct studies of needs in the various redevelopment areas throughout the United States for, and the probable cost of, land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of useful public facilities within such areas, and may receive proposals from any State or political subdivision thereof, or any Indian tribe, relating to land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within any such area. Any such proposal shall contain plans showing the project proposed to be undertaken, the cost thereof, and the contributions proposed to be made to such cost by the entity making the proposal. The Administrator, in consultation with such entity, is authorized to modify all or any part of such proposal.

(b) The Administrator, pursuant to a proposal received by him under this section, may make grants to any State or political subdivision thereof, or any Indian tribe, for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will tend to improve the opportunities in such area for the successful establishment or expansion of industrial or commercial plants or facilities;

(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute;

(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section; and

(4) such area has an approved economic development program as provided in section 6(b)(10) and the project for which financial assistance is sought is consistent with such program.

The amount of any grant under this section for any such project shall not exceed the difference between the funds which can be practicably obtained from other sources (including a loan under section 7 of this Act) for such project, and the amount which is necessary to insure the completion thereof.

(c) The Administrator shall by regulation provide for the supervision of carrying out of projects with respect to which grants are made under this section so as to insure that Federal funds are not wasted or dissipated.

(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it is prepared to undertake.

(e) There is hereby authorized to be appropriated not to exceed \$35,000,000 for the purpose of making grants under this section.

INFORMATION

SEC. 9. The Administrator shall aid redevelopment areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating conditions of excessive unemployment or underemployment within such areas. The Administrator shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

TECHNICAL ASSISTANCE

SEC. 10. In carrying out his duties under this Act, the Administrator is authorized to provide technical assistance to areas which he has designated as redevelopment areas under this Act. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the Administrator through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

POWERS OF ADMINISTRATOR

SEC. 11. In performing his duties under this Act, the Administrator is authorized to—

(1) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties, provide bonds for them in such amounts as the Administrator shall determine, and pay the costs of qualification of certain of them as notaries public;

(2) hold such hearings, sit and act at such times and places, and take such testimony as he may deem advisable;

(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Administrator;

(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans made under this Act, and collect or compromise all obligations assigned to or held by him in connection with the payment of such loans until such time as such obligations may be referred to the Attorney General for suit or collection;

(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with the payment of loans made under this Act;

(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made under this Act.

This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Administrator. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Administrator as a result of loans made under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Administrator, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Administrator pursuant to the provisions of this Act may be exercised by the Administrator or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made under this Act;

(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses; and

(11) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 12. Whenever the Administrator shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Administrator determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Administrator that such area no longer qualifies as a redevelopment area. The Administrator shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

URBAN RENEWAL

SEC. 13. (a) Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"INDUSTRIAL REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

"SEC. 113. (a) When the Area Redevelopment Administrator certifies to the Administrator (1) that any county, city, or other municipality (in this section referred to as a 'municipality') is situated in an area designated under section 5(a) of the Area Redevelopment Act as an industrial redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economic development, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) that the project area be clearly predominantly residential in character or that it be redeveloped for predominantly residential uses; but no such assistance shall be provided in any area if such Administrator determines that it will assist in relocating business operations from one area to another when such assistance will result in an increase in unemployment in the area of original location.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *And provided further*, That the purchasers from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed under section 105(b).

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section for the completion of such project, notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an industrial redevelopment area under the Area Redevelopment Act.

"(f) Not more than 10 per centum of the funds authorized for capital grants under section 103 after January 1, 1959, shall be available to provide financial assistance under this section."

URBAN PLANNING GRANTS

SEC. 14. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "cities, other municipalities, and counties which" the following: "(A) are situated in areas designated by the Area Redevelopment Administrator under section 5(a) of the Area Redevelopment Act as industrial redevelopment areas, or (B)".

VOCATIONAL TRAINING

SEC. 15. (a) The Secretary of Labor is authorized, upon request and whenever he determines such studies are needed, to undertake, or to provide assistance to others in, studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any redevelopment area.

(b) When skills of the labor force in a redevelopment area are not such as to facilitate full utilization of the human resources in such area, the Secretary of Labor is authorized to provide advice and technical assistance in developing and carrying out a program to improve the utilization of such labor force.

(c) Whenever the Secretary of Labor finds a need for vocational education services in a redevelopment area and when such area has an approved economic development program as provided in section 6(b)(10), he is authorized to assist interested agencies to determine the vocational training needs of unemployed individuals residing in the area, and he shall notify the Secretary of Health, Education, and Welfare of the vocational training or retraining requirements of the area. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, is authorized to provide assistance, including financial assistance when necessary or appropriate, to the State board for vocational education in the provision of such services in the area. There is hereby authorized to be appropriated not to exceed \$1,500,000 annually for the purpose of providing financial assistance under this subsection.

(d) Any vocational training or retraining provided under this section shall be designed to enable unemployed individuals to qualify for new employment in the redevelopment area.

RETRAINING SUBSISTENCE PAYMENTS

SEC. 16. (a) The Secretary of Labor in consultation with the Administrator shall, on behalf of the United States, enter into agreements with States in which redevelopment areas are located under which the Secretary of Labor shall make payments to such States for the purpose of enabling such States, as agents of the

United States, to make weekly retraining payments to unemployed individuals residing within such redevelopment areas who are not entitled to unemployment compensation (either because their unemployment compensation benefits have been exhausted or because they were not insured for such compensation) and who have been certified by the Secretary of Labor to be undergoing vocational training or retraining under section 15 of this Act. Such payments shall be made for a period not exceeding thirteen weeks, and the amounts of such payments shall be equal to the amount of the average weekly unemployment compensation payment payable in the State making such payments.

(b) The Secretary of Labor and the Administrator shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

(c) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000, as may be necessary to carry out the provisions of this section.

PENALTIES

SEC. 17. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administrator, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Administrator, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Administrator or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Administration, makes any false entry in any book, report, or statement of or to the Administrator, or without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud, participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administrator, or (4) gives any unauthorized information concerning any future action or plan of the Administrator which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administrator, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

EMPLOYMENT OF EXPEDITERS AND ADMINISTRATIVE EMPLOYEES

SEC. 18. No loan shall be made by the Administrator under this Act to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Administrator the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administrator for assistance of any sort, and the fees paid or to be paid to any such person; and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administrator to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee of the Administration, occupying a position or engaging in activities which the Administrator shall have determined involve discretion with respect to the granting of assistance under this Act.

PREVAILING RATE OF WAGE AND FORTY HOUR WEEK

SEC. 19. The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on projects undertaken by public applicants assisted under this Act (1) shall be paid wages at rates no less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of August 30, 1935 (Davis-Bacon Act), and

(2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed.

ANNUAL REPORT

SEC. 20. The Administrator shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1961. Such report shall be printed, and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business firms located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Administrator, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Administrator such information as may be necessary for the purposes of this section.

APPROPRIATION FOR ADMINISTRATIVE EXPENSES

SEC. 21. There are hereby authorized to be appropriated such sums as may be necessary for the administrative expenses incurred in carrying out the provisions of this Act.

USE OF OTHER FACILITIES

SEC. 22. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Administrator shall, to the extent practicable and with their consent, use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

RECORDS AND AUDIT

SEC. 23. (a) Each recipient of assistance under section 6, 7, or 8 of this Act shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6, 7, or 8 of this Act.

SAM RAYBURN,
Speaker of the House of Representatives.
CARL HAYDEN,
President of the Senate pro tempore.

[Endorsement on back of bill:]

I certify that this Act originated in the Senate.

FELTON M. JOHNSTON, *Secretary.*



period following the obsolescence of the B-52. As Gen. Nathan Twining has told us, it is the only manned weapon system that was programed for this role. There is no substitute. But since last December, the B-70 has been removed from the role.

There has been no denial on the part of the administration of the considerations that I have just discussed. Instead there has been only a vague and unsupported explanation that the B-70 is in competition with four ballistic missile programs. This explanation, Mr. President, is deliberately vague. It cannot get specific. If it does, it has to face up to the fact that our retaliatory force needs an effective manned intercontinental bomber, and that the only effective intercontinental bomber planned for the future is the B-70.

If we do not provide such a weapon, are we keeping faith with the brave crewmen who will have to fly our bombers in case of war? As Gen. Thomas Power has told us, "I think if men are going to have to go over there with the sophisticated defenses, this country owes it to them to give them a modern piece of equipment so it can survive."

Mr. President, I call for a reinstatement of the B-70 to its full weapon system program, and to this end, the provision of adequate funds in the 1961 budget.

AREA REDEVELOPMENT BILL—VETO MESSAGE (S. DOC. NO. 95)

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the veto message by the President of the area redevelopment bill be laid before the Senate.

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair) laid before the Senate the following message from the President of the United States, which was read and, with the accompanying bill, was ordered to lie on the table and be printed:

To the Senate of the United States:

I return herewith, without my approval, S. 722, the area redevelopment bill.

For 5 consecutive years I have urged the Congress to enact sound area assistance legislation. On repeated occasions I have clearly outlined standards for the kind of program that is needed and that I would gladly approve.

In 1958 I vetoed a bill because it departed greatly from those standards. In 1959, despite my renewed urging, no area assistance bill was passed by the Congress.

Now in 1960, another election year, a new bill is before me that contains certain features which I find even more objectionable than those I found unacceptable in the 1958 bill.

The people of the relatively few communities of chronic unemployment—who want to share in the general prosperity—are, after 5 years, properly becoming increasingly impatient and are rightfully desirous of constructive action. The need is for truly sound and helpful legislation on which the Congress and the

Executive can agree. There is still time, and I willingly pledge once again my wholehearted cooperation in obtaining such a law.

S. 722 is seriously defective in six major respects which are summarized immediately below and discussed in detail thereafter.

1. S. 722 would squander the Federal taxpayers' money where there is only temporary economic difficulty, curable without the special Federal assistance provided in the bill. In consequence, communities in genuine need would receive less Federal help for industrial development projects than under the administration's proposal.

2. Essential local, State, and private initiative would be materially inhibited by the excessive Federal participation that S. 722 would authorize.

3. Federal financing of plant machinery and equipment is unwise and unnecessary and therefore wasteful of money that otherwise could be of real help.

4. The Federal loan assistance which S. 722 would provide for the construction of sewers, water mains, access roads, and other public facilities is unnecessary because such assistance is already available under an existing Government program. Outright grants for such a purpose, a provision of S. 722, are wholly inappropriate.

5. The provisions for Federal loans for the construction of industrial buildings in rural areas are incongruous and unnecessary.

6. The creation of a new Federal agency is not needed and would actually delay initiation of the new program for many months.

I

The most striking defect of S. 722 is that it would make eligible for Federal assistance areas that don't need it—thus providing less help for communities in genuine need than would the administration's proposal. S. 722, as opposed to the administration bill, would more than double the number of eligible communities competing for Federal participation in loans for the construction or refurbishing of plants for industrial use—the main objective of both bills. Communities experiencing only temporary economic difficulty would accordingly be made eligible under S. 722 and the dissipation of Federal help among them would deprive communities afflicted with truly chronic unemployment of the full measure of assistance they so desperately desire and which the administration bill would give them.

II

Lasting solutions to the problems of chronic unemployment can only be forthcoming if local citizens—the people most immediately concerned—take the lead in planning and financing them. The principal objective is to develop new industry. The Federal Government can and should help, but the major role in the undertaking must be the local community's. Neither money alone, nor the Federal Government alone, can do the job. The States also must help, and many are, but in many instances and in many ways they could do much more.

Under S. 722, however, financing of industrial development projects by the Federal Government—limited to 35 percent under the administration's proposal—could go as high as 65 percent, local community participation could be as low as 10 percent, and private financing as little as 5 percent. Furthermore, although S. 722 conditions this assistance on approval by a local economic development organization, if no such organization exists one can be appointed from Washington.

III

S. 722 would authorize Federal loans for the acquisition of machinery and equipment to manufacturers locating in eligible areas. Loans for machinery and equipment are unnecessary, unwise, and costly. Much more money would be required and unnecessarily spent, much less money would find its way into truly helpful projects, and manufacturers would be subsidized unnecessarily vis-à-vis their competitors.

IV

S. 722 would authorize further unnecessary spending by providing both loans and grants—up to 100 percent of the cost—for the construction of access roads, sewers, water mains, and other local public facilities.

Grants for local public facilities far exceed any appropriate Federal responsibility. Even though relatively modest at the start, they would set predictably expensive and discriminatory precedents.

With regard to loans for such purposes, exemption from Federal income taxes makes it possible today for local communities in almost every case to borrow on reasonable terms from private sources. Whenever such financing is difficult to obtain, the need can be filled by the existing public facility loan program of the Housing and Home Finance Agency—a program which S. 722 would needlessly duplicate and for which an additional \$100 million authorization has already been requested.

V

S. 722 would make a minimum of 600 rural counties eligible for Federal loans for the construction of industrial buildings in such areas. The rural development program and the Small Business Administration are already contributing greatly to the economic improvement of low income rural areas. Increasing the impact of these two activities, particularly the rural development program, is a preferable course.

VI

Finally, S. 722 would also create a new Federal agency and would, in consequence, mean many unnecessary additions to the Federal payroll and a considerable delay in the program before the new agency could be staffed and functioning effectively. None of this is necessary, for all that needs to be done can be done—much better and immediately—by the existing Department of Commerce.

Again, I strongly urge the Congress to enact new legislation at this session—but without those features of S. 722 that I find objectionable. I would, however, accept the eligibility criteria set forth in

the bill that first passed the Senate even though these criteria are broader than those contained in the administration bill.

Moreover, during the process of developing a new bill, I would hope that in other areas of past differences solutions could be found satisfactory to both the Congress and the Executive.

My profound hope is that sound, new legislation will be promptly enacted. If it is, our communities of chronic unemployment will be only the immediate beneficiaries. A tone will have been set that would hold forth, for the remainder of the session, the hope of sound and rewarding legislation in other vital areas—mutual security, wheat, sugar, minimum wage, interest rates, revenue measures, medical care for the aged, and aid to education to mention but a few.

Only this result can truly serve the finest and best interests of all our people.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, May 13, 1960.

Mr. DOUGLAS. Mr. President, one of the difficulties in our American political system is that the President is at once the ceremonial head of our Government and the Chief of State, and also the Chief Executive and the leader of his party. When one criticizes the President, therefore, one is always accused of belittling the ceremonial head of the Government or the Chief of State. Nevertheless, if the President, as party leader, writes a message which is ignorant, unduly unctuous, and hypocritical, the message cannot escape criticism because of the fact that the man who signed his name to it also happens to be the ceremonial Chief of State.

Of course, President Eisenhower, in all probability, did not write this message. This was written for him either by someone in the executive office, or, as is more probable, by someone in the Department of Commerce.

I have a real liking for the President. It is in no personal sense, therefore, that I repeat, this message betrays ignorance, it is unctuous and hypocritical, and it is greatly mistaken in its attitude toward what is happening in this country.

The President says that he is for area redevelopment. My reply is that one can only tell whether a person is for area redevelopment or not by his actions and not by his words.

I should like very briefly to summarize some of the things which have been happening in the last 4 or 5 years.

In 1955 I introduced a bill to provide for area redevelopment. The administration opposed that bill. We passed the bill through the Senate, in the concluding days of that Congress. The bill went to the House. Informal requests were made that the House permit the matter to come before the House under unanimous consent, but the Republican leaders of the House refused to give the unanimous consent, so the bill died in the House.

In 1957 I introduced another area redevelopment bill. It passed the Senate. The RECORD shows that in the Senate the bill received only 15 Republican votes. The bill was opposed by the Republican

leadership in the Senate. The bill went to the House. The distinguished present occupant of the chair, the Senator from West Virginia [Mr. BYRD], was then a Member of the House of Representatives. The Senator from West Virginia knows that the House Republican leadership opposed the measure. The bill was sent to the President, and the President vetoed it. Incidentally, that veto helped to defeat the former Senator from Maine, Mr. Payne, and helped to defeat the two former Republican Senators from West Virginia.

I introduced an area redevelopment bill again in 1959, and we got only four Republican votes in the Senate for it. The bill went to the House, and the House Banking and Currency Committee recommended a bill in substantially similar form to the Senate bill, but the Committee on Rules for approximately a year has refused to allow the bill to be submitted to the House for action.

It is well known that the Rules Committee of the House consists of 12 members, 4 of whom are northern Democrats, 4 Republicans, and 4 southern Democrats; and the coalition of 4 Republicans and 4 southern Democrats prevented that bill from being approved by the Rules Committee.

Finally, it was brought up this year on Calendar Wednesday and passed by the House. And by recent action the Senate accepted the House bill. This time we got five Republican votes, the remainder of the Republicans voting against the measure.

Mr. President, since I began to speak, I have been able to obtain the party votes in the House in 1958 and 1960. On the important vote to consider in 1958 the yeas were 216, and the nays 170.

Of the 216 Members who voted yeas, 159 were Democrats, and only 57 were Republicans.

Of the 170 who voted nay, 57 were Democrats—almost all of them southern Democrats—and 113 were Republicans, showing that the Democrats voted 3 to 1 for the bill, and the Republicans voted, roughly, 2 to 1 against the bill.

On the vote on recommitment, the vote against recommitment and for the bill was: Democrats 139; Republicans 49.

For recommitment, against the bill, the Democrats were 54, and the Republicans 116.

Once again, the Democrats, in this case, voted approximately 2½ to 1 for the bill. The Republicans voted two to one against it.

This year, 179 Democrats voted for the passage of the bill and only 23 Republicans voted for it.

Sixty-nine Democrats voted against the bill, and 115 Republicans voted against it.

The Democrats in the House voted almost three to one for the bill; the Republicans voted precisely five to one against it.

Mr. President, I do not read these figures with any pleasure. It was the pick of the crop of the Republicans who voted with us. The five Republicans in the Senate who voted with us are splendid gentlemen. We hope to acquire a few more.

However, the President and his party leaders have made this a party issue. We tried to prevent it from becoming a party issue. We took Senators Payne, Beall, and Church into full partnership, and played them up as coauthors, but the administration has now made it a party issue.

What is wrong in trying to provide employment in areas of high and persistent unemployment?

Now the President has vetoed this measure for a second time, and yet he has the nerve to say that he has always been for area development. The action of the President reminds of the nursery rhyme passage which we all know so well. The little girl asked:

Mother, mother, may I go out to swim?

And the mother replied:

Yes, my darling daughter. Hang your clothes on a hickory limb, but don't go near the water.

That is precisely like the action of this administration. They say they are for area redevelopment, but on every effective move we make to get area redevelopment they throw their full strength on the floor of the Senate and on the floor of the House to kill it; and then, when over all those obstacles we pass a bill, the President vetoes it.

In the ballad of Reading Gaol, Oscar Wilde wrote:

For each man kills the thing he loves,
By each let this be heard—
Some do it with a bitter look
Some with a flattering word,
The coward does it with a kiss,
The brave man with a sword.

I would much rather have area redevelopment put to death with the sword by an outright attack on it rather than have it kissed and embraced first and then put to death. Let there be no hypocrisy in this matter. The administration is opposed to area redevelopment. It is opposed to helping the areas of this country with high and chronic unemployment. At the same time it is opposed to aiding these areas, it is demanding \$4 billion for foreign aid.

When the House bill was under consideration I brought into the Senate Chamber a volume, which the Senator from Alaska [Mr. GRUENING] had compiled, what listing I thought were all the projects which this administration had supported since 1955 only, in countries abroad. There were 104 countries listed, with every conceivable type of project under the sun. I announced that the document weighed 5 pounds, 7 ounces. I now find that the listing by the Senator from Alaska [Mr. GRUENING], which is the best we have had to date, covers only about one-half of all the projects the administration has favored abroad since 1955, and it does not include the projects under the Development Loan Fund.

I have before me a list of such projects for 1 year only. It probably weighs a half pound, and more is coming. All this is for abroad but there is nothing for the unemployed ones at home.

Mr. President, whoever wrote this message—and I suspect it was Frederick

H. Mueller, the Secretary of Commerce—makes the President say:

The people of the relatively few communities of chronic unemployment—who want to share in the general prosperity—are, after 5 years, properly becoming increasingly impatient and are rightfully desirous of constructive action.

He goes on to say that this bill, would squander the Federal taxpayers' money where there is only temporary economic difficulty.

As of May of this year there are now 40 major areas which would qualify and 103 minor areas which would qualify under the terms of the bill which the President vetoed. I prefer the Senate formula for area participation to the formula which the House finally adopted.

However, the mere qualification of an area, would not mean that the loan would have to be made; and we can assume that the Administrator would pick out the areas of greatest need and make loans to them.

I ask unanimous consent that a list of the regions which would be eligible under the bill as it went to the President be printed in the RECORD at this point in my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

TENTATIVE LIST OF URBAN AREAS THAT MAY QUALIFY FOR FEDERAL ASSISTANCE AS AREAS WITH SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT UNDER LEGISLATIVE PROPOSAL¹

MAJOR AREAS²

Area redevelopment bill as passed by Congress

Forty Major Areas

Connecticut: Bridgeport, New Britain.
Indiana: Evansville, Terre Haute.
Kentucky: Louisville.
Maine: Portland.
Massachusetts: Brockton, Fall River, Lawrence, Lowell, New Bedford, Springfield-Holyoke, Worcester.
Michigan: Detroit, Flint.
Minnesota: Duluth-Superior.
New Jersey: Atlantic City, Newark, Paterson, Trenton.
New York: Albany-Schenectady-Troy, Buffalo, Utica-Rome.
North Carolina: Durham.

¹ This listing is preliminary and tentative and is based largely on bimonthly or semi-annual data compiled from area labor market reports prepared in connection with the Bureau of Employment Security's program for the classification of areas according to relative adequacy of labor supply. Data used cover a 2- to 5-year period, generally extending through March 1960. Later data, now becoming available for some areas, could result in several changes in the above listing. A more comprehensive review of area data on a monthly—rather than bimonthly or semi-annual—basis, and in the light of whatever criteria may be included in the bill finally enacted, would be required to determine which areas are eligible for assistance as areas with substantial and persistent unemployment.

² Major areas are areas included in the Bureau of Employment Security's regular area labor market reporting and classification program. This program covers 149 of the country's leading employment centers. Unemployment and labor force data for these areas are generally available on a bimonthly basis.

Pennsylvania: Altoona, Erie, Johnstown, Philadelphia, Pittsburgh, Scranton, Wilkes-Barre-Hazleton, York.

Rhode Island: Providence.

Tennessee: Chattanooga.

Texas: Beaumont-Port Arthur, Corpus Christi.

Virginia: Roanoke.

West Virginia: Charleston, Huntington-Ashland, Wheeling.

SMALLER AREAS³

One Hundred and Three Smaller Areas

Alabama: Florence-Sheffield, Gadsden, Jasper, Talladega.

Alaska: Anchorage.

Connecticut: Ansonia, Bristol, Danielson, Meriden, Middletown, Norwich, Thompsonville, Torrington.

Illinois: Centralia, Harrisburg, Herrin-Murphysboro-West Frankfort, Litchfield, Mount Carmel-Olney, Mount Vernon.

Indiana: Connersville, Vincennes.

Kansas: Coffeyville-Independence-Parsons, Pittsburg.

Kentucky: Corbin, Hazard, Madisonville, Morehead-Grayson, Owensboro, Paducah.

Maine: Biddeford-Sanford, Lewiston-Auburn.

Maryland: Cambridge, Cumberland.

Massachusetts: Newburyport, North Adams.

Michigan: Bay City, Iron Mountain, Marquette, Monroe, Port Huron.

Mississippi: Biloxi-Gulfport.

Missouri: Flat River, Joplin, Washington.

Montana: Butte, Kalispell.

New Jersey: Bridgeton, Long Branch.

New York: Amsterdam, Auburn, Elmira, Gloversville, Jamestown-Dunkirk, Newburgh-Middletown-Beacon, Ogdensburg-Massena-Malone, Plattsburgh, Wellsville.

North Carolina: Fayetteville, Hendersonville, Lumberton, Mount Airy.

Ohio: Portsmouth-Chillicothe.

Oklahoma: Ardmore, McAlester, Muskogee, Okmulgee-Henryetta.

Pennsylvania: Berwick-Bloomsburg, Butler, Clearfield-Du Bois, Indiana, Kittanning-Ford City, Lewistown, Meadville, New Castle, Oil City-Franklin-Titusville, Pottsville, Sayre-Athens-Towanda, St. Marys, Sunbury-Shamokin-Mt. Carmel, Uniontown-Connellsville, Williamsport.

Tennessee: La Follette-Jellico-Tazewell.

Texas: Laredo, Texarkana.

Virginia: Big Stone Gap-Appalachia, Richlands-Bluefield.

Washington: Aberdeen, Anacortes, Bellingham, Bremerton, Port Angeles.

West Virginia: Beckley, Bluefield, Clarksburg, Fairmont, Logan, Martinsburg, Morgantown, Parkersburg, Point Pleasant-Gallipolis, Ronceverte-White Sulphur Springs, Welch.

Wisconsin: La Crosse.

Mr. DOUGLAS. I would like to comment upon some of these places. For example, in the State of West Virginia, which the present occupant of the Chair [Mr. BYRD] so well represents, there has been high and persistent unemployment for at least 5 years, and in my judgment, possibly for 10 years, but our records do not go back of 1955. This is true of the major areas such as Charleston, Hunt-

ington, and Ashland, but also the coal-mining areas of southern West Virginia have been in that condition for a long time. I can testify that the coal-mining areas of southern Illinois have had high and persistent unemployment for at least 10 years; they are areas such as Centralia, Harrisburg, Herrin, West Frankfort, Litchfield, and Murphysboro. Other regions with high unemployment in southern Illinois are Mount Carmel, Olney, Mount Vernon, and Cairo.

We know well what has been happening in the textile centers of Massachusetts. Lowell, Lawrence, Fall River, and New Bedford, amongst the major areas, have had high unemployment for the past 5 years. Brockton, Springfield, the Holyoke region, and Worcester have had high unemployment for the past 2 years. I have personally visited North Adams and Adams, and I know that they are in dire straits and have been for several years.

Among the towns in Pennsylvania which are in trouble is the great railroad center of Altoona and the coal and steel cities of Johnstown, Scranton, Wilkes-Barre, and Hazleton in the anthracite region, and more recently York, are all experiencing great economic difficulties.

Then there are a large number of other areas, such as the Clearfield bituminous region, Shamokin, and the Mt. Carmel region, Oil City, Franklin, Titusville.

This continuing high and long-continued unemployment is not confined to any area of the country. Evansville and Terre Haute have been in difficulties for the last 5 years. Biddeford and Sanford in Maine have been for several years. The Senator from Kentucky [Mr. COOPER] has truthfully and eloquently spoken of the great privation in eastern Kentucky, in the coal mining regions of that State.

The textile towns of Connecticut and of those producing hardware are in difficulty. Chattanooga, Tenn.; Roanoke, Va.; Albany, Schenectady, and Troy, N.Y.; Utica and Rome, N.Y.; Duluth and Superior in Minnesota; Flint, Mich., and Louisville, Ky., are other cities which are in trouble.

This is a nationwide problem. It was created primarily by the fact that industries will decline, notably textile and coal mining, but also where the timber is cut off and a natural resource is exhausted, and where there are changes in technology such as the substitution of diesel engines for coal-burning locomotives. It has caused trouble in Altoona. Jobs disappear, and a large number of men and their families are stranded.

We are not proposing Federal hand-outs. We are proposing pump-priming loans to get these localities at least partially back on their feet.

The President makes much of the fact that a Federal loan might go up to 65 percent. Yes; it might. But it is not compelled to. That is merely the upper limit. He says the local participation could go as low as 10 percent, and private financing as little as 5 percent. That is theoretically possible.

³ Smaller areas: Areas with a labor force of 15,000 or more which are officially classified as "smaller areas of substantial labor surplus" by the Bureau of Employment Security. Data for such areas are generally available on a semiannual basis. Information for smaller areas which are not classified, or for areas with a labor force of less than 15,000, is not available in Washington on a consistent basis.

However, a prudent administrator would, except in cases of great need, try to get the localities and individual industries to put up as much money as they could, and only use the Federal loans to stimulate local action.

There has been a difference of opinion as to whether the Federal loans should merely be for real estate and building, or whether they should include machinery and equipment. I may say that machinery and equipment were originally included in the bill at the suggestion of the then distinguished junior Senator from Connecticut, a Republican, who had a great deal of experience in the metal industries. He felt that a loan merely for plant and land would not be adequate.

The President is critical that we have a program for rural regions of this country as well as for the industrial regions. This shows ignorance. There is a great deal of unemployment and underemployment in the rural regions of America. Farm income has fallen by approximately \$4 billion in the 7½ years that the Eisenhower administration has been in office. Last year the total farm income was only \$11 billion; \$3½ billion of this consisted of food grown on the farm and the rental value of the farm housing. So the net cash figure was only \$7½ billion, to be shared among 4,600,000 farms, or an average of approximately \$1,650 per farm, or \$32 a week. That was the average. Of course far more than 50 percent received less than this amount.

We have a tremendous amount of rural poverty in this country and of unutilized farm time. One of the things which these areas need is to have factory employment brought to them so that the members of the family can work in the factories, and in the off seasons, when the farmers are not busy themselves, they can work there too.

The President does not like to have this measure provide loans to localities for public facilities, and says we already have a program. Well, we have checked up on that. We find that the present community facility loan program has funds for public facilities of only \$25 million remaining of which \$23 million has already been pledged. Furthermore, this is designed simply for sewers and other things. A locality, if it is to draw industry, must have, instead, industrial water. This requires small lakes, and, in some cases, not so small lakes, and industrial parks, whereby groups of industry can come in and subdivide buildings and they need access roads built to these industrial parks and electricity and power facilities. These things cost money, and a locality will really need to have these facilities in order to attract industry. So that the bill provides for these loans at low rates of interest; and where a community is not able to fully make a pledge, small grants are provided as well.

The President is critical of our bill because it provides for retraining workers. That is extremely important. Workers in industry who have been unemployed need to be given new skills in order to find work in new industries

which are brought in. So it is necessary to have a program of retraining. It is also necessary that during the period that the workers are learning, there should be a limited amount of subsistence payments to them. That is what we provide.

The veto is very disappointing, and it does not reflect credit upon whoever wrote it. I had hoped that the President would acquaint himself personally with the situation, which he evidently chose not to do. I know that probably it will be difficult to override the veto, in view of the almost solid Republican vote against the measure.

It is my personal belief, however, that it would be desirable to have one more lineup, so people may know on which side they stood, and also to give a chance to those who have fought this bill to come over at the last minute. I believe in deathbed repentances. I believe they have spiritual value. A chance should be given to the sinners to join the forces of the righteous. I do not want to condemn them permanently. I do say this, Mr. President, that the roll-calls on these bills will resound through the country during this next year.

Approximately 6½ million workers live in areas of chronic labor surplus. They represent, roughly, one-tenth of the total national civilian labor force, and they accounted, recently, for about 17 percent of the total national unemployment. On the average, more than 12 percent, at the time I compiled these figures last fall, of the labor force in those areas was unemployed. This is not short-time employment. These figures represent large numbers of people who in the main have been unemployed year after year after year.

It is very interesting to observe that the conservative Government of Great Britain, headed by Mr. Macmillan, a highly conservative Tory, has put into effect a law to provide aid for the distressed areas of Great Britain. Whether my bill was copied by the Tories or not, I do not know. I hope it was.

It is well known that Chancellor Adenauer used this method to absorb the refugees who swarmed into Germany to escape from the Russians. Chancellor Adenauer, I suppose, is about as conservative a person, economically, as can be found.

But in the United States, what seems to be acceptable to the British Tories and to the German Conservatives is rejected by the Republican Eisenhower administration. We did not ask for much money. We asked for only \$251 million. Not much of that would have been spent in the first year. It was only an authorization. An appropriation bill would have been compelled to follow. Time would have been needed to create an administration to process applications, and so on. The bill was in no sense a budget-busting program. It was a constructive program. Now the President comes along and dashes the hopes of the people in these communities, and does so protesting that he is for area redevelopment.

Mr. President, I think that in the interest of restraint, I should stop at this point. We will let the country decide.

Mr. BYRD of West Virginia. Mr. President, the present administration continues to play the part of Scrooge in this country; yet it plays the part of Santa Claus to the rest of the world.

Today's veto of Senate bill 722, the depressed areas legislation, unalterably stands as evidence of the seeming disconcert for the people of this country who are jobless.

The President wanted a depressed-areas bill providing \$53 million. If the President were fully aware of the joblessness in this country, his signature would have been on the bill sent to him by this body.

The Senate had previously passed an area-redevelopment bill providing for \$389 million, but it accepted a \$138 million cut by the House of Representatives, cognizant of the urgent need for such legislation. The \$251 million measure that was finally agreed upon and sent to the White House was reasonable legislation. We should keep in mind that \$251 million is but one-sixteenth of the amount requested by the President for foreign aid this year.

It should not be unreasonable to assume that the first duty of the Federal Government should be to serve and provide for the welfare of the people of this country. But in the thinking of the present administration, it appears that this theory is unreasonable.

For many years the administration has claimed that it is aware of the need for area redevelopment legislation, but for the second time in 2 years the President has vetoed legislation provided by Congress.

In 1958 the President vetoed Senate bill 3683. That bill would have provided, generally, the same assistance to chronically depressed areas that the measure vetoed today provided.

Those who opposed the bill called it excessive, and said it would cost too much money. But, in the opinion of those of us who supported the legislation, the economic merits were quite evident. Moneys expended would have come back to the Federal Government with profits. In other words, money outlaid by the Federal Government would have been returned, with interest, in future years. The bill would have meant money repaid in American dollars whereas loans to foreign countries under the foreign aid program are repaid in foreign currencies.

The legislation would have induced productivity and would have injected new vitality into those areas of joblessness. Workers could have been retrained for different jobs; local communities would have had funds for industrial development; and loans for construction of public facilities could have been provided.

Today, as in 1958, thousands of workers across America are disappointed. Their hopes for employment in the near future have been dashed again.

The responsibility was squarely on the shoulders of the President. He has failed in this responsibility. Depressed areas legislation has, once again, been vetoed.

What plans have been made by the administration to aid the displaced

worker? How will it answer the thousands of urgings by unemployed workers for an opportunity to work again?

Congress did its job. Legislation was passed. Concurrence was easily reached because of the need for such a law to aid chronically depressed areas.

Mr. President, I recall the words of the American clergyman, William Ellery Channing, when he spoke of example:

Precept is instruction written in the sand. The tide flows over it, and the record is gone. Example is graven on the rock, and the lesson is not soon lost.

The veto of the area redevelopment bill is another example of callous indifference on the part of the present administration toward depressed communities and unemployed men and women. It is an example "graven on the rock, and the lesson is not soon lost."

Mr. KEATING obtained the floor.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). Does the Senator from New York yield to the Senator from Texas?

Mr. KEATING. I yield, provided I do not lose the floor.

JOSEPH C. O'MAHONEY: WYOMING'S GREAT SENATOR

Mr. YARBOROUGH. Mr. President, this week the distinguished and able senior Senator of Wyoming [Mr. O'MAHONEY], the outstanding constitutional lawyer of the Senate, announced his retirement from this body at the end of this year. His clear, vibrant, resonant tones will leave this Chamber, but his opinions on constitutional law are recorded in the permanent archives of the Nation for the guidance of this and future generations.

Mr. President, like all those who have come to know and appreciate the dedicated and courageous work of Senator JOSEPH O'MAHONEY, I want to associate myself with the many tributes which have been paid him for his wonderful service and to express sincere regret that time and circumstance have caused him to decide that he should not continue in the Senate past his current term.

It would require a book, perhaps several volumes, to properly record the invaluable contribution Senator O'MAHONEY has made to the American way of life. Long before I came to the Senate, I admired his continuing and countless fights for the principles of freedom which have made our Nation great. Since coming to know him personally, I have learned to appreciate him even more.

It is remarkable how his magnificent stands for America and all Americans have bridged a span of time that connects the heroic past, which mirrors our proud heritage, to the shining future, which surely holds freemen's destiny.

Keeping the word "free" in our free-enterprise system is a requisite of life as we know and want it. Probably no man in the history of this body has worked harder and more persuasively for economic freedom. Unwaveringly he has fought for the public interest in

business competition against giant special-interest trends toward monopolies and administered prices.

One of the foremost constitutional lawyers of our time, his sound opinions are usually heard when important questions of constitutional law come up for discussion in Senate committees or on the Senate floor.

But not only did he constantly work to preserve the idea of human liberty, as written into our Constitution, for all future generations; he also sought to preserve for those who will come later some of the vast expanses of natural beauty which all of us have inherited. He has worked for preservation of our great national parks and forests and for development of our Nation's natural resources for the benefit of all the people.

The most important, everlasting mark to his credit, I believe, is this: Not only did he stand for all of these things when first he came to the Senate, but he also held to his convictions and fought for these ideals throughout a long and glorious senatorial career.

We in Texas feel close to the people of Wyoming, and are proud of her history in the American West and in the westward expansion of the American people. Senator JOSEPH O'MAHONEY typifies the fierce spirit of independence and strong individual feeling for personal justice for every man, that typifies the American West.

The Texan love for Wyoming stems from our history. When the Civil War ended, Texas was bankrupt, but millions of wild Longhorn cattle roamed her reaches. The returned Confederates rounded them up and pointed them north. By 1868, these trail drivers with their longhorn steers and cowboys, were headed for the valleys and plains of Wyoming. Since the Republic and State of Texas, prior to the Compromise of 1850, had included a stretch of territory now a part of Wyoming, Texans, for decades, had looked at Texas maps that carried them up the east side of the Rockies. They drove their herds into a Wyoming of Indians—with only a few white mountain men and trappers in the Territory.

By 1870, there were only 9,118 people in Wyoming; but the herds of Longhorns furnished employment, and soon the ranges were filled.

One of the Texans who followed a herd of cattle from Texas to Wyoming was John Benjamin Kendrick, who was born and grew up in east Texas, in Cherokee County, about 20 miles from the area where I was reared. As a young man of 22, he drove cattle to Wyoming in 1879, and stayed there to become one of Wyoming's great triumvirate of Senators—Frances E. Warren, John B. Kendrick, and Joseph C. O'Mahoney.

During Senator Kendrick's senatorial service, Senator JOSEPH C. O'MAHONEY became his executive assistant. When death called Senator Kendrick in 1933, the Governor of Wyoming appointed JOSEPH C. O'MAHONEY to succeed him. Except for a 2-year interregnum, he has been Senator since that time.

While Senator O'MAHONEY's service as a Senator for all the American people

gives permanent luster to the character and ability of Wyoming's representatives here, we in Texas have a special pride in our historical ties with Wyoming. For years I have watched Senator O'MAHONEY's great career; for years, as a judge and lawyer in my home State, I paid intellectual tribute to his brilliance in the field of American constitutional government.

Senator O'MAHONEY's retirement will mark the loss from this body of a man who always held to his goals, even in the face of tremendous pressure, and in the face, at times, of fabulously powerful opposition. JOE O'MAHONEY is a remarkable American, and this Government and all America will miss his service here. He carries our good wishes and our esteem with him wherever he goes.

Mr. President, I thank the Senator from New York for yielding to me, so I could pay this tribute to Senator O'MAHONEY this week, during which he announced his prospective retirement.

Mr. KEATING. Mr. President, I have been happy to yield for that purpose, because earlier I also paid tribute to Senator O'MAHONEY. So I am glad that the tribute by the Senator from Texas will also appear in the RECORD.

THE FORTHCOMING SUMMIT CONFERENCE

Mr. KEATING. Mr. President, we stand today on the threshold of the summit conference. At this conference a small number of men will discuss problems that affect billions of people on the face of this earth. The word "summit" is, I feel, an appropriate term for this momentous gathering—not merely in the sense that it is to be a meeting of minds on the part of the leadership of East and West, but also in the sense that these men will sit and view the world from a point of vantage that commands a panorama of the entire world and its problems.

It would be heartlifting to all men to anticipate that such manifold problems, raised and debated in the assemblage of chiefs of state, will prove susceptible of solution, in whole or in part. However, the hard face of reality gives to us no smile of promise or hope in this regard. That is why we must steel ourselves against wishful thinking or illusory hopes as to positive and concrete achievements in the form of mutually agreed upon treaties. By the same token, however, it becomes sterile and defeatist to assume that no useful international purpose is served by gatherings such as the conference which will open in Paris on Monday.

It is unfortunate that the atmosphere of this meeting has been clouded by the recent plane incident. But that incident must not be considered the major deterrent to fruitful negotiations that it has been portrayed. Actually, the great shock wave that the incident induced has been followed by a wave of sanity. The emotional fireworks are burning out, as fireworks always do, for the world suddenly remembers that spying is as old as war is old, whether that war be

hot or cold. By his habitually adroit technique, Khrushchev has gotten his propaganda mileage out of the incident; but he knows, as the world does, that the whole story of the incident began, not in the Government of the United States of America, not in the Office of the Chief of the CIA, not from an airstrip near the Soviet border, but in the very Kremlin, from which the loud cries of anguish and pain now emanate.

This fact must be remembered. It must be burned into the minds of those who speak of aggressive acts on the part of the United States. This world of nuclear force cannot abide a black shroud of secrecy. It is in the interest of peace, not of war; in the interest of humanity, not merely of the United States of America, that we have been obliged—as in our past history—to watch on the ramparts of freedom. Once the Kremlin rolls back its frontiers of darkness, once it gives up its weapon of secrecy, there will remain no need for us to send pilots aloft to seek the information on which our very survival may depend.

Actually, in the delicately balanced world of bloodless conflict in which we find ourselves today, it is imperative that we open all available doors to understanding, rather than to shut any one of them because of our conviction that that door leads nowhere. "Contact" and "discussion" are words we must keep alive if we are to keep alive our aspiration for the global harmony that is the true and God-given climate in which freemen were destined to live.

The summit conference is not a secret meeting. The whole world is its audience. Nations and peoples will be apprised of declarations that are made, proposals that are advanced, positions that are defended. I believe sincerely that this open forum of international discussion represents a distinct advantage for our Nation. It will allow President Eisenhower to restate American ideals and American principles. It will write indelibly into the minds of all peoples the role of our President as a peacemaker, rather than as the peace destroyer that the caricaturists of Soviet propaganda have painted him.

It is vain to suppose that the problems that confront the modern world are going to be solved in a matter of days by a meeting of world leaders. It is far more vain and futile to expect that they will be solved by hermetically sealing ourselves against these problems, by shutting the door on negotiations, and isolating ourselves in the ivory tower of unreality.

It is my belief that new avenues of hope may be opened up by the very fact of nuclear stalemate—that is, by the mutual realization that the awesome armaments of today leave man only the choice between annihilation and accommodation.

The alternative to an attempt to destroy each other is, perforce, the reconciliation to the idea of living with each other, with all the implications of detente and of flexibility that such a *modus vivendi* involves.

Indeed, the climate of detente is already perceptible, evoked by the hard fact of geopolitics that war cannot re-

solve a single one of the questions that plague the European family of nations, or, indeed, the world family. This atmosphere of *détente* is sought, as well, as a kind of long breathing spell—better, a respite from strife—that will allow the great powers to mind the manifold problems of an evolving world where new directions, new pressures, new challenges call imperiously for the attention and the energies of the leadership nations.

We are too prone to think largely in terms of the East-West struggle yet a multitude of the shaping forces of history lie outside this struggle, and constitute a concrete and immediate preoccupation. To these forces, to the problems they pose, to the challenges they present, each of the great powers must commit itself.

For our own part, we have legitimate and demanding preoccupations in our own hemisphere. An expanding population requires a concurrent expansion of our economy. The increased cost of providing more governmental aid and services to more people has to be equated with the financial demands of the total Defense Establishment. In addition, the searchlight of our own interest, which has been beamed to Europe during the past years, must be directed increasingly to the neglected areas of our own hemisphere.

England, too, has preoccupations that lie outside the context of East-West struggle. The recent Commonwealth Conference reminds us that England belongs to a family other than NATO, and that the Commonwealth family poses to England a unique problem she has never been called upon to face before. This is an integration problem on a massive international scale. In substance, it is the question of integrating politically the old-line white nations of the Commonwealth with the emerging, self-conscious, and racially sensitive new nations of Africa and south Asia.

More immediate and compelling, perhaps, is the need of France for a period of *détente*. With the problem of Algeria so immediate and so real, the problem of East-West relationships is an untimely intrusion. The heart of France's military power remains in Algeria, not in Europe. The drain of the war in Algeria seriously limits France's ability to play the effective role in NATO that has been assigned to her.

And, in the case of Russia, the iron fist that she shakes at the world must not be misconstrued as a symbol of total power, without flaw, without weakness. We know that the Soviet farm problem has been met by many answers, but not yet by the right one. We know of areas of unrest, not only in the captive nations, but also in the homeland of the U.S.S.R. And we know that Red China, bulging and brooding in the near distance, is a neighbor that, paradoxically, is the same uncomfortable enigma to Russia that Russia represents for us.

The great power preoccupations I have touched upon must be taken into account if we are to view the summit and its prospects in true perspective.

Our stand on the question of West Berlin has been made abundantly clear. We view it, not as mere geography, but as a

symbol of where freemen must take their stand if they are to breathe life and meaning into the principles they espouse. Soviet Russia may rattle its saber over this issue, but it knows full well that to unsheathe that saber would bring the holocaust it is not at all disposed to precipitate. We have two Germanies—East and West—as the summit conference opens. We shall have two Germanies when it closes; and this situation must persist so long as the concept of free elections remains unacceptable to the Kremlin.

No man, no nation, has anything to fear from peace with justice; and it will be precisely as advocates of peace with justice that President Eisenhower and Secretary Herter will sit down at the summit conference, next Monday, in Paris. Their mission is not to transform the world before our eyes, but to build hope in the hearts of men, to reaffirm our dedication to the principles by which we live, to state before the court of humanity, the historic cause of freemen and free institutions.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, May 13, 1960, he presented to the President of the United States the enrolled bill (S. 2778) to amend the act relating to the Commission of Fine Arts.

ADJOURNMENT TO MONDAY

Mr. BYRD of West Virginia. Mr. President, I move that the Senate do now adjourn until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 6 o'clock and 8 minutes p.m.) the Senate adjourned until Monday, May 16, 1960, at 12 o'clock noon.

NOMINATIONS

Executive nominations received by the Senate May 13, 1960:

IN THE ARMY

The following-named officers to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 3962:

To be lieutenant generals

Lt. Gen. Williams Stevens Lawton, O14924, Army of the United States (major general, U.S. Army).

Lt. Gen. Francis William Farrell, O12784, Army of the United States (major general, U.S. Army).

Lt. Gen. Charles Edward Hart, O15788, Army of the United States (major general, U.S. Army).

Lt. Gen. George Windle Read, Jr., O12603, Army of the United States (major general, U.S. Army).

Lt. Gen. Samuel Tankersley Williams, O8472, Army of the United States (major general, U.S. Army).

Lt. Gen. William Howard Arnold, O15558, Army of the United States (major general, U.S. Army).

The following-named officers under the provisions of title 10, United States Code, section 3066, to be assigned to positions of importance and responsibility designated by the President under subsection (a) of section 3066, in rank as follows:

Maj. Gen. David William Traub, O17110, U.S. Army, in the rank of lieutenant general.

Maj. Gen. Robert Jefferson Wood, O18064, U.S. Army, in the rank of lieutenant general.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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HIGHLIGHTS: Senate committee reported bill to transfer forest land authorities from Interior to USDA. Sens. Bush, Clark, and Gruening discussed President's veto of depressed areas bill. House committee reported legislative branch appropriation bill. Rep. Johnson, Wis., introduced and discussed bill to increase support levels for manufacturing milk.

SENATE

1. FORESTRY. The Government Operations Committee reported without amendment H. R. 7681, to provide for the transfer from Interior to this Department of certain authorities for the exchange or sale of forest land and timber (S. Rept. 1353). p. 9581
2. PROPERTY. The Government Operations Committee reported without amendment H. R. 9983, to extend for two years the period during which payments in lieu of taxes may be made with respect to certain real property transferred by RFC to other Government agencies (S. Rept. 1352). p. 9581
3. LAND ACQUISITION. The Government Operations Committee reported with amendment S. 2583, to authorize Federal agencies to reimburse certain landowners for their moving expenses when the land is acquired by the Federal Government (S. Rept. 1374). p. 9581
4. DEPRESSED AREAS. Sen. Bush commended the President's veto of S. 722, the depressed areas bill, stated that "because I agree with the objections to S. 722 which have been stated by the President, and because I resent the efforts which have been made to play politics with human misery, I shall vote to sustain the veto," and inserted a comparison of the administration's area assistance

bill (S. 1064 and H. R. 4278) with the vetoed bill, S. 722. pp. 9588-90

Sen Clark criticized the President's veto of S. 722, and stated that "the six reasons given for the veto are so hollow that it is clear this is merely a political veto." p. 9592

Sen. Gruening criticized the President's veto of S. 722 when "Federal dollars are to be used for the same types of things abroad," and inserted a list showing the cumulative status of loans and commitments under the Development Loan Fund to aid foreign countries. pp. 9607-11

5. BRUCELLOSIS ERADICATION. Sen. Carlson inserted a Kan. Livestock Commission resolution urging Congress, through this Department, to make additional funds available for the brucellosis eradication program in Kan. p. 9581
6. PERSONNEL; TRAINING. Both Houses received from the President the annual report on training of Federal employees under authority of the Government Employees Training Act. pp. 9578, 9632-3
7. NOMINATIONS. Confirmed the nominations of Lester Clyde Carter and Robert T. Lister to be members of the Federal Farm Credit Board. p. 9612

HOUSE

8. AREA REDEVELOPMENT. Rep. Saylor inserted an article urging Congress and the President to compromise on an area redevelopment program acceptable to both. p. 9618
9. PESTICIDE CHEMICALS. Passed without amendment H. R. 7480, to amend the Federal Food, Drug, and Cosmetic Act so as to provide that the term "chemical preservative" shall not apply to a pesticide chemical when used in or on a raw agricultural commodity produced from the soil, and to require that shipping containers for raw agricultural commodities be labeled to indicate by name or function the presence of any pesticide chemical that had been applied after harvest. p. 9618
Rep. Dingell discussed and inserted an article urging support for Rep. Wolf's proposal which would "provide that no Federal agency shall embark on chemical biological controls without first consulting with the U. S. Fish and Wildlife Service and the corresponding State agencies in the areas involved." pp. 9639-40
10. DESERT LANDS. Passed as reported H. R. 11706, to authorize an extension of time for final proof of qualifications of certain entrymen under the desert land laws. p. 9620
11. PERSONNEL. Passed over at the request of Rep. Ford H. R. 4271, to validate the salary overpayments made to certain officers and employees incident to the salary adjustment provisions of the Federal Employees Salary Increase Act of 1955. p. 9620
Passed over at the request of Rep. Weaver H. R. 8074, to permit the assignment of agricultural attaches to positions in the U. S. for a maximum of 4 years without reduction in grade. p. 9618
Received from the Attorney General a proposed bill to "amend section 507 of the Classification Act of 1949, as amended, with respect to the preservation of basic compensation in downgrading actions"; to Post Office and Civil Service Committee. p. 9645

job it must do—and which we so desperately need to have done.

PROGRESS SO FAR; DIFFICULTIES AHEAD

In the nearly 8 years since we established a research program to find cheap ways to convert saline water, we have turned up much promise of succeeding. But it is clear that we must broaden and strengthen our efforts.

Already, the cost of converting saline water has come down sharply. Ten years ago, the cheapest we could make useable water from sea water was about \$4 a thousand gallons. Now, some plants can do the job for \$1.75 a thousand, and a plant under construction in Freeport, Tex., is expected to cut this even more, to \$1 a thousand.

But this is not enough when you consider that most municipal water in the United States costs in the neighborhood of 30 cents per thousand gallons.

There is every reason to believe intelligent research will bring costs down to an economical point. Indeed, already it is cheaper for some communities to convert water.

Coalinga, Calif., for example, was hauling in water at a cost of \$9.35 per thousand gallons. Now, residents are drinking fresh converted water which costs \$1.45 per thousand.

But scientists and technicians tell me there is still no assurance that they have even hit on the proper way to convert salt water economically.

Research currently centers around five main areas. They are:

First, Distillation—an age-old process brought up to date. Great cost-cutting progress has been made in the conservation of heat and scale and corrosion control.

Second, Solar distillation—using heat from the sun.

Third, Membrane conversion—using a combination of thin membranes and electric currents to screen out dissolved salts.

Fourth, Freezing—an experimental method. Frozen water crystals separate themselves from salt crystals, and researchers are trying to find ways to remove the salt from the ice.

Fifth, Other chemical and electrical methods—using gas hydrates, controlled absorption, and other experimental means.

Researchers feel there is little chance of a revolutionary advance in saline water conversion. Instead, they believe that only continuous and more intensive research can bring the answer to a host of engineering questions. These questions are minor in themselves but, if solved, they can produce gradual cost reductions with the cumulative effect of a major breakthrough.

I believe we have reached a crucial point in the development of saline conversion. We must remove the present restricted limits of time and finances from the program and establish it as a continuing project subject to annual appropriations. We must begin also to translate research programs into operat-

ing plants. I have included this provision under title II of the bill, which authorizes loans to communities and other public bodies to build saline conversion plants and to have one-quarter of their loans canceled if the Office of Saline Water uses these facilities for research and demonstration of conversion processes.

Title II of the bill is similar to bills which have been introduced in the House by Representatives ASPINALL, RHODES, SAYLOR, WAINWRIGHT, UDALL, and WILSON and in the Senate by Senator ALLOTT, on behalf of himself and Senator CASE of South Dakota, CHAVEZ, KUCHEL, ENGEL, GOLDWATER, FONG, and LONG of Hawaii.

SUMMARY OF BILL

Here is a summary of what this bill calls for:

First, research. Funds available to the Office of Saline Water for research contracts averaged only \$36,000 a year from 1953 to 1958. This is insufficient. Research should be stepped up on small conversion units, on extraction and use of byproducts, on the nature of heat exchangers and compressors, the use of atomic energy, and many other technical problems. Unallocated funds should also be available to take advantage of new ideas that come along from sources outside the Government. We should have \$2 million available for this whole area of general and fundamental research in fiscal 1961.

Second, process development. Processes resulting from research must be tested in large-scale pilot plants to be demonstrated on a practical scale. Pilot plants are expensive, but the Office of Saline Water had an average of only \$200,000 a year available for their construction from 1953 to 1958. A reasonable figure for process development in fiscal 1961 would be \$2.6 million.

Third, demonstration plants. The test methods proven to have potential in pilot plants need to be tested full scale. Often "bugs" are discovered in full-scale plants which did not show up in pilot plants, and they serve as practical training grounds for operating converters.

Most technicians and scientists agree that the five plants being built under the 1958 law will be only a start, since varying conditions in different sections of the country require different processes. The use of gas hydrates in conversion, for example, is rapidly nearing the stage of development where it will be ready for demonstration. Of the five plants in the works, none use this process.

The entire demonstration program could be speeded greatly by appropriating for fiscal 1961 the rest of the original authorization of \$10 million, or \$8,150,000.

Fourth, a test site and laboratory. The entire program of saline conversion research has been hampered by the lack of a central test site and laboratory. The Office of Saline Water does not even have a central staff. Right now, OSW research is carried on at widely dispersed

places under unsatisfactory conditions. What's more, the entire OSW staff numbers just 25, only 10 of whom are scientists and engineers who direct and coordinate research by the Government and private contractors.

A central laboratory, located near both sea and brackish water, would give the program a good boost. It would not reduce the number of contracts for outside research, but rather would likely increase private work because of more research ideas which would come up.

Fifth, coordination of research at home and abroad. There is a great deal of scientific interest in saline conversion in other nations, as well as in the United States. OSW would profit if it could keep up with this work by having available both domestic and foreign scientific literature and issuing its own periodical information; by inspecting conversion sites at home and abroad; by taking part in conferences relating to saline conversion, and by correlating all this information for easy use.

About \$500,000 a year would provide for this.

Sixth, economic studies. One of the greatest unknowns about saline conversion is its cost. Without accurate cost studies, communities cannot intelligently decide whether they should install saline conversion facilities, and as current water supplies diminish, this factor will become increasingly important.

Continuous economic studies and water market surveys could be made for about \$500,000 a year.

The second part of the bill contains the important provision for aiding construction of conversion plants. Right now, commercial conversion of saline water would probably be cheaper for many communities than obtaining water from natural sources. But these communities understandably hesitate to put money into plants which may, in later years, turn out to be high-cost operations.

Federal assistance, in the form of loans, is necessary to bridge for a few years the gap between experimental plant operation and practical application of conversion plants. Such a program would also help get new plants built and operating, and would add to the stock of technical and cost information and speed the entire program.

The appropriations suggested in this bill would amount to about \$17.5 million for fiscal 1961. A part of this would be nonrecurring—the amounts for construction and plant site acquisitions, for example. Loans under title II would be automatically appropriated as the loans are made.

This expenditure is one of the best our country could make in its future. There is no question that it would hasten the day when we can assure adequate water supplies, not only to our own cities and towns, but also to other parched communities throughout the world through the dissemination of what we learn. We

are in a good position to meet a coming crisis right now.

Mr. President, I introduce the bill and ask that it be printed, and I ask unanimous consent that it may lie on the desk for the remainder of the week, to enable other Senators who may wish to do so add their names as cosponsors.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the request of the Senator from Texas is granted, and the bill will lie on the table until May 21.

The bill (S. 3557) to expand and extend the saline water conversion program under the direction of the Secretary of the Interior to provide for accelerated research, development, demonstration, and application of practical means for the economical production from sea or other saline waters, of water suitable for agricultural, industrial, municipal, and other beneficial consumptive uses, and for other purposes, introduced by Mr. JOHNSON of Texas (for himself and Mr. ANDERSON), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

NATIONAL STANDARDS FOR UNEMPLOYMENT INSURANCE SYSTEMS—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of May 9, 1960, the names of Senators HART and BARTLETT were added as additional cosponsors of the bill (S. 3505) to revise, extend, and improve the unemployment insurance program, and for other purposes, introduced by Mr. MCCARTHY (for himself and other Senators) on May 9, 1960.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. MANSFIELD:

Address delivered by him before State Society of West Virginia, May 1-4, 1960, upon the designation of Senator RANDOLPH as West Virginia's Son of the Year.

By Mr. WILEY:

Excerpts from address delivered by him over Wisconsin radio stations, relating to legislative program.

By Mr. ENGLE:

Editorial entitled "A Congressman Reports," published in the Sacramento Union of May 2, 1960.

By Mr. WILLIAMS of Delaware:

Editorial entitled "Reflections on an Incident," published in the Wall Street Journal of May 16, 1960.

By Mr. BENNETT:

Editorial entitled "A Sounder Wilderness Approach," published in the Deseret News of Salt Lake City, Utah, May 2, 1960; and letter to the editor entitled "Wilderness Detour," written by William E. Welsh, secretary-manager, National Reclamation Associ-

ation, and published in the Washington Post and Times Herald of May 9, 1960.

Editorial entitled "A Self-Imposed Moratorium Ends," published in the Salt Lake Tribune of May 8, 1960.

By Mr. MUSKIE:

Articles entitled "Era of Nationalism Brings Twilight of Kings," "Desire for Freedom Wars With Ancient Islam Rules," "Passionate Patriotism May Create Desired Union," and "U.S. Ponders, Russia Acts," written by Mrs. May Craig, and published in various Maine newspapers on March 3, 4, 5, and 6, 1960.

By Mr. MURRAY:

Article entitled "Prefabricated Public Opinion—The Industrial News Review in Colorado," published in the July 1955 issue of Nieman Reports; and article entitled "Who Plants the Grass in the Grass Roots Papers?" published in a 1959 issue of the Pacific Northwest Public Power Bulletin, which will appear hereafter in the appendix.

PRESIDENT'S VETO OF SENATE BILL 722, THE AREA REDEVELOPMENT BILL

Mr. BUSH. Mr. President, I deeply regret that the Democratic majorities in control of this Congress sent to the President of the United States an area redevelopment bill, S. 722, which he was compelled to veto.

I conclude, reluctantly, that the majority party, with cynical disregard of the genuine needs of so-called depressed areas, attempts to create an issue for the approaching presidential campaign. The President's opponents have callously chosen this course, instead of cooperating with him to enact sound legislation which could give genuine, not illusory, help to areas of the country where chronic employment exists.

Senate bill 722 was sent to President Eisenhower in the expectation, nay in the hope, that he would veto it. The bill deliberately invited a veto in an obvious attempt to reap political capital from human misery.

Before it is too late, I hope that the majority will have sober second thoughts about the wisdom of this political cynicism and will accept the President's conciliatory offer to cooperate in obtaining sound legislation, an offer expressed in the following paragraph of his veto message:

The people of the relatively few communities of chronic unemployment—who want to share in the general prosperity—are, after 5 years, properly becoming increasingly impatient and are rightfully desirous of constructive action. The need is for truly sound and helpful legislation on which the Congress and the Executive can agree. There is still time and I willingly pledge once again my wholehearted cooperation in obtaining such a law.

My conclusion that politics was the motive behind sending this bill to the President in its present form is strongly reinforced by the strange and silent reversal of position by its supporters on the runaway shop or industry-pirating problem.

I invite the attention of my friends from the South to the fact that the anti-

pirating provisions of the bill have been strengthened very considerably by House amendments which have not been discussed before in the Senate. I wonder if these amendments will diminish their expectations about benefits to be derived from the bill.

I recall that in opposing my own attempts to have effective antipirating language inserted in the bill, its author, the able senior Senator from Illinois [Mr. DOUGLAS] stated very candidly that one of his reasons was his fear of loss of southern support.

When S. 722 was before the Senate last year, I offered amendments to prohibit the use of Federal funds for the purpose of relocating a business establishment from one area to another.

The bill as presented to the Senate proposed to permit such a relocation if it did not result "in substantial detriment to the area of original location by increasing unemployment."

The danger of such a weasel-worded, vague standard to the heavily industrialized States of the North and Northeast was clearly brought out in a colloquy between the distinguished senior Senator from Ohio [Mr. LAUSCHE] and myself, which appears on pages 4432 and 4433 of the RECORD for March 23, 1959, as follows:

Mr. LAUSCHE. Am I correct in my understanding that under the language of the bill Congress would say to one area, "You can get Federal money for the purpose of damaging a community in Ohio and benefitting yourself?"

Mr. BUSH. That is correct.

Mr. LAUSCHE. "Unless it is shown that you propose to damage it substantially, that money will be available to you."

Mr. BUSH. That is correct. But who is to determine what is "substantial detriment"? The poor administrator? I submit to the Senator from Ohio that he would have an impossible assignment.

Mr. LAUSCHE. In my opinion, that provision, in effect, would serve notice upon communities, "Come to the Federal Government and receive Ohio taxpayers' money, and with that money draw away from Ohio those industries and businesses which it has developed through good government and good service, and locate them in other communities."

Despite this clear inequity and injustice, the sponsors of the bill refused to tighten up the language. Their reasons were clearly disclosed by the able senior Senator from Illinois [Mr. DOUGLAS] when he said:

The Bush amendment would cause many of our southern friends to oppose the bill in the belief it would finance businesses in staying where they are and not creating new employment opportunities in the South.

The Senate sent the bill to the House with the objectionable "substantial detriment" language in it, and the House Committee on Banking and Currency resisted all attempts within committee to have effective antipirating safeguards inserted.

Just before final passage in the House, however, antipirating amend-

ments were accepted with little discussion and no debate. Offered by the Honorable SEYMOUR HALPERN, Republican, of New York, these amendments modified the declaration of purpose of the bill, and section 6, concerning loans and participations.

In the declaration of purpose, the language was changed to provide that—

New employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring employment opportunities from one area of the United States to another.

The original language had stated that such opportunities should be created "without substantially reducing employment in other areas of the United States."

In section 6, the "substantial detriment" language was stricken from the bill, and language inserted to prohibit relocation assistance "when such assistance will result in an increase in unemployment in the area of original location."

Although I find the amendments adopted by the House not as effective in preventing industry pirating as those I had proposed last year, they represent a marked improvement over the original language of the bill.

The Halpern amendments make the bill less objectionable, but it still contains highly objectionable features, which are summarized in the President's message as follows:

1. S. 722 would squander the Federal taxpayers' money where there is only temporary economic difficulty, curable without the special Federal assistance provided in the bill. In consequence, communities in genuine need would receive less Federal help for industrial development projects than under the administration's proposal.

2. Essential local, State, and private initiative would be materially inhibited by the excessive Federal participation that S. 722 would authorize.

3. Federal financing of plant machinery and equipment is unwise and unnecessary and therefore wasteful of money that otherwise could be of real help.

4. The Federal loan assistance which S. 722 would provide for the construction of sewers, water mains, access roads, and other public facilities is unnecessary because such assistance is already available under an existing Government program. Outright grants for such a purpose, a provision of S. 722, are wholly inappropriate.

5. The provisions for Federal loans for the construction of industrial buildings in rural areas are incongruous and unnecessary.

6. The creation of a new Federal agency is not needed and would actually delay initiation of the new program for many months.

Because I agree with the objections to S. 722 which have been stated by the President, and because I resent the efforts which have been made to play politics with human misery, I shall vote to sustain the veto.

I ask unanimous consent to have printed in the RECORD following these remarks a brief comparison of the administration's area assistance bill (S. 1064 and H.R. 4278) with the area redevelopment bill (S. 722).

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

BRIEF COMPARISON OF THE ADMINISTRATION'S AREA ASSISTANCE BILL (S. 1064 AND H.R. 4278)
WITH THE AREA REDEVELOPMENT BILL (S. 722)

ADMINISTRATION BILL

Title: Area Assistance Act of 1959.

Purpose: To assist areas to develop and maintain suitable and diversified economies by a program of financial and technical assistance and otherwise, and for other purposes.

Organization: President appoints an Area Assistance Administrator who reports to the Secretary of Commerce.

Criteria for area eligibility: a. Labor market areas where the nontemporary unemployment meets three conditions:

1. Rate is currently 6 percent, and

2. Rate has averaged at least 6 percent: (a) For 4 out of preceding 5 years and has been 50 percent or more above national average, or

(b) For 3 out of preceding 4 years and has been 75 percent or more above national average, or

(c) For 2 out of preceding 3 years and has been 100 percent or more above national average, and

3. Nonagricultural employment has declined, or has increased less than in the country as a whole, during preceding 5 years.

(Eligible for loans and technical assistance grants.)

b. One-industry towns, small towns in rural areas, and rural low-income areas.

(Eligible for technical assistance grants.)

Loans: (a) \$50 million for eligible labor market areas.

(b) None provided.

(c) See housing amendments below.

NOTE.—Area assistance fund to be financed by congressional appropriation.

Terms for industrial loans: (a) Up to 35 percent of project cost for 25 years at rate of interest to be determined; at least 15 percent funds from State or local sources.

(b) Loans for land and buildings only.

(c) Loans must be approved by State development agency.

(d) Project must be consistent with an overall economic development program.

Grants: (a) No grants for community facilities. See housing amendments below.

(b) Authorizes \$3 million annually for technical assistance grants. Of this amount, \$1.5 million is available for "one-industry" towns, small towns in rural areas, and low-income areas not otherwise eligible.

Technical assistance: Technical advice and consultation on economic development problems available to all areas.

Housing amendments: (a) Amends title I of the Housing Act of 1949, as amended, to permit the rehabilitation of blighted industrial and commercial areas.

(b) Amends section 701 of the Housing Act of 1954, as amended, to extend urban planning assistance grants to cities, other municipalities, and counties of 25,000 or more located within areas of substantial and persistent unemployment.

S. 722

Area Redevelopment Act.

To establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

Establishes the Area Redevelopment Administration as an independent agency.

a. Industrial redevelopment areas with unemployment of:

1. At least 6 percent at time of application, and

2. Twelve percent for 12 months, or

3. Nine percent for 15 out of 18 months, or

4. Six percent for 18 out of 24 months, or

5. Fifteen percent for 6 months if causes are not temporary.

(NOTE.—The term "redevelopment area" may include one or more counties, or one or more municipalities, or a part of a county or municipality.)

b. Rural redevelopment areas with the largest number and percentage of low-income families and having a condition of substantial and persistent unemployment or underemployment. Includes 500 counties ranking lowest in level-of-living index or in production for sale.

(a) \$75 million for industrial redevelopment areas.

(b) \$75 million for rural redevelopment areas.

(c) \$50 million for public facilities.

NOTE.—Area redevelopment fund to be financed by congressional appropriation.

(a) Up to 65 percent of project cost for 30 years with interest at Treasury cost plus one-half of 1 percent; minimum of 10 percent State or local and 5 percent private funds.

(b) Loans for land, construction and machinery.

(c) Loans must be approved by the official State or local development agency. If none exists, the administrator appoints a local redevelopment committee.

(d) Project must be consistent with an overall economic development program.

(a) Authorizes \$35 million for community facilities grants.

(b) Authorizes \$4.5 million annually for economic studies and technical assistance grants.

Information, advice, and technical assistance limited to redevelopment areas.

(a) Amends title I of the Housing Act of 1949, as amended, to permit the rehabilitation of blighted industrial and commercial areas. Limited to 10 percent of funds authorized for capital grants after January 1, 1959.

(b) Amends section 701 of the Housing Act of 1954, as amended, to extend urban planning assistance grants to cities, other municipalities, and counties of 25,000 or more located within industrial redevelopment areas.

BRIEF COMPARISON OF THE ADMINISTRATION'S AREA ASSISTANCE BILL (S. 1064 AND H.R. 4278)
WITH THE AREA REDEVELOPMENT BILL (S. 722)—Continued

ADMINISTRATION BILL

S. 722

(c) Amends title II of the Housing Amendments of 1955 to give first priority to applications for community facilities loans from areas of substantial and persistent unemployment.

Vocational training: The Secretary of Labor and the Secretary of Health, Education, and Welfare assist in vocational training or retraining.

Retraining payments: None provided.

Total costs: \$53 million in loans and technical assistance grants. (Other costs not specified.)

(c) See above under Grants. (Authorization for \$35 million.)

The Secretary of Labor and the Secretary of Health, Education, and Welfare assist in vocational training or retraining. One and one-half million dollars provided for assistance to State boards for vocational education.

Secretary of Labor makes retraining subsistence payments for up to 13 weeks for those undergoing vocational training or retraining.

Two hundred and fifty-one million dollars in loans and grants, including \$10 million for retraining subsistence payments and \$1.5 million for vocational training. (Other costs not specified.)

Summary costs of the administration bill and S. 722

	Administration bill	S. 722
Loans:		
Industrial areas.....	\$50,000,000	\$75,000,000
Rural areas.....		75,000,000
Public facilities.....		50,000,000
	150,000,000	1200,000,000
Grants:		
Public facilities.....		35,000,000
Technical assistance (annually).....	3,000,000	4,500,000
	3,000,000	39,500,000
Retraining subsistence training payments to States.....	None	10,000,000
Total, loans and grants.....	53,000,000	249,500,000
Administration.....	(2)	(2)
Vocational training (annually).....	(2)	1,500,000

¹ Financed by congressional appropriation.

² Not specified.

ANOTHER EXAMPLE OF BUREAUCRATIC WASTE

Mr. WILLIAMS of Delaware. Mr. President, today I wish to call the attention of the Senate to another example of bureaucratic waste.

The Air Force has just bought 272,710 screws at \$1 each from a contractor who even prior to the completion of the negotiations had purchased these same screws for 5½ cents each.

The pricing to the Government under this negotiated contract of the 272,710 screws at \$1 each represented a profit on this one item alone of \$257,810, or nearly 2,000 percent.

Under date of May 10, 1960, the Comptroller General forwarded to the Congress a report calling attention to this inexcusable extravagance of the Department of the Air Force under negotiated contract No. AF 01(601)-20268 with Thompson Ramo Wooldridge, Inc., Cleveland, Ohio. The total amount of this contract was \$2,103,685 for fuel booster pump repair kits.

Thompson was awarded two production orders under contract -20268 calling for a total of 54,542 fuel booster pump repair kits. Based on the formula, a total price of \$2,103,685, which included profit of 10 percent of estimated costs, was negotiated for the 54,542 repair kits.

The Comptroller General's review indicated that the contractor experienced costs under these two production orders totaling \$980,796, and as a result the negotiated prices exceeded experienced cost by \$1,122,889, or 114 percent.

The Cleveland Air Procurement District, Cleveland, Ohio, administered this contract, and the Auditor General, U.S. Air Force, has responsibility for the audit of contracts at Thompson's Cleveland plant.

The explanation of how the company and the Air Force arrived at the \$1 figure for the screws included in these repair kits is even more fantastic.

The price was based on the overall cost of an emergency purchase of 116 screws which were shipped to Cleveland from New York by air special delivery. This special handling ran the cost of the 116 screws up to the \$1 figure, and it was then used as a base for the pricing of the entire contract.

This is another typical example of the indefensible carelessness with which the Air Force has been negotiating contracts and wasting the taxpayers' money.

If the Air Force would conduct its purchasing program under the same commonsense arrangement as used by private industry by requiring competitive bids, the American taxpayers would get

at least 25 percent more defense for the tax dollars now being spent.

Any buyer in private industry who through stupidity or gullibility agreed to such extravagant cost-pricing arrangements would be fired by his company. I most respectfully suggest that the Air Force start using the same procedure.

The time is long overdue when Congress should pass a law requiring that every agency of the Government use competitive bidding practices on all contracts wherever feasible.

I compliment the Comptroller General on the remarkable work being done by his auditors.

AMERICA PROVIDES EISENHOWER WITH "SECRET WEAPON" AT SUMMIT

Mr. SCOTT. Mr. President, I ask unanimous consent to have printed in the RECORD a release I have prepared regarding the summit conference.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). Is there objection?

There being no objection, the release was ordered to be printed in the RECORD, as follows:

The American people can feel justifiable pride that they have provided President Eisenhower with a "secret weapon" to take with him to the summit meeting which starts in Paris today.

He and our allies enter negotiations with Russian Premier Khrushchev just as the U.S. economy has passed the annual rate of a half-a-trillion-dollar gross national product.

This is "secret" only in the sense that more explosive international developments of the past few days tended to obscure President Eisenhower's announcement last Wednesday that the annual rate for the gross national product was \$500.2 billion for the first quarter of this year.

This is a "weapon" in the sense that it helps our people to wage peace, even as it would help our Nation to wage war. A half-a-trillion-dollar economy means that our Nation's production is big and growing bigger, that it is productive of more jobs, more homes, and an improved way of life for all our people. It describes in dramatic terms the great stake the American people have in a peaceful, productive world. But it also signifies the immense resources we have at our disposal in the event that an aggressor should be foolhardy enough to force us into war.

A figure of a half a trillion dollars is so astronomical that it needs some further defining and examples.

Half a trillion one-dollar bills would fill 1,000 standard size three-bedroom houses from basement to attic.

If we divide this half trillion dollars among every man, woman, and child in the United States today, every one of us would receive \$2,778. A half a trillion dollars is more than the Federal Government spent from 1789 through the end of World War II in 1945.

It is nearly twice the national debt, and more than six times the annual expenditures of the Government today.

The gross national product represents the sum total of the market value of all production of goods and services by the Nation's economy. In terms of the disposition of this output, the half-a-trillion-dollar gross national product can be divided approximately

into the following basic categories of goods and services:

[In billions of dollars]

Personal consumption expenditures-----	328
Residential construction-----	22
Business investment in plant and equip- ment-----	47
Increase in business inventories-----	3
Federal Government purchases-----	55
State and local government purchases--	45
Total-----	500

What does this huge gross national product mean to us, then, as American citizens? It means civilian employment of more than 66 million and unemployment at about 3.6 million. It means, in addition, supporting armed services of about 2.5 million men. It means payments of wages and salaries totaling some \$290 billion a year. It means corporate profits before taxes of about \$50 billion a year. It means farm proprietors' income of \$12 billion, and business and professional income of \$36 billion dollars annually.

A gross national product of half a trillion dollars involves the production of some 2.7 million net tons of steel ingots per week, up from about 1.8 million net tons a week in 1950. It means distribution of some 14.5 billion kilowatt-hours of electricity per week, compared to less than half that much, 6.2 billion kilowatt-hours in 1950. It means in general industrial production about 50 percent higher than 10 years ago, in 1950.

This high level of gross national product has made possible a standard of living far higher than that enjoyed by any other peoples in any other time and place. It is reflected in the fact that of the total of 86 million passenger automobiles in operation in the world, 57 million or 66 percent are in the United States. Of 25 million trucks operating in the world today, nearly 11 million are in the United States. As a matter of fact, by now over 15 percent of all American families own two or more cars. The United States has almost 64 million telephones in use, or 54 percent of the world's total of 118 million.

The high level of American output is reflected further in the fact that over 60 percent of all dwelling units are occupied by their owners. It means that almost all houses with electricity have refrigerators, 93 percent have electric washers, 90 percent have television sets, 73 percent have vacuum cleaners, 22 percent have freezers, 18 percent have electric or gas clothes dryers, and 13 percent have air conditioners.

It has made possible the fact that the average family now has \$9,300 worth of life insurance, up from \$4,300 10 years ago. It is related to the fact that there are now over twelve and a half million owners of shares of stock in American corporations.

Never before in the entire history of civilization has a gross national product of a half a trillion dollars been approached. And today the United States is the only Nation which has reached this astounding level of output.

No other nation has achieved even half this level. The Soviet Union's gross national product is estimated at only \$214 billion (in 1959).

The level of America's gross national product of itself puts the United States in a position of overwhelming influence in the world today. It makes it possible for us to spend \$46 billion (in fiscal year 1961) on major national security needs while still permitting a continuing increase in consumer purchasing power and in the standard of living of the American people.

It makes it possible for the United States to be an effective leader of the free world, a rallying point in the long struggle against the tyranny of communism. We have been

able to share some of our bountiful production with other peoples of the world, to alleviate suffering, to help people in underdeveloped parts of the world raise their standard of living, and to strengthen the bulwarks against Communist penetration in many areas of the globe.

A gross national product of half a trillion dollars thus thrusts great opportunities but also great responsibilities into the hands of our people.

We have not reached the level of a half-trillion dollars gross national product overnight nor has it been achieved without a great deal of hard work, ingenuity, and capital. The growth of our national output has nonetheless been phenomenal.

Even measured in constant dollars, as recently as 20 years ago, in 1940, the gross national product was less than half of what it is today. In 1935 it was a third of the present level. A quick indication of the growth of the Nation's gross national product since 1929 is shown in the following table, measured in both actual and constant (1959) dollars.

Gross national product, 1929-59

[In billions of dollars]

	In actual dollars		In constant 1959 dollars	
	Amount	Percent change over previous year shown	Amount	Percent change over previous year shown
1929-----	104.4		203.6	
1934-----	65.0	-37.7	155.1	-23.8
1939-----	91.1	+40.2	211.5	+36.4
1944-----	211.4	+132.1	366.3	+73.2
1949-----	258.1	+22.1	328.2	-10.4
1954-----	363.1	+40.7	408.8	+24.6
1959-----	478.8	+31.8	478.8	+17.1

Source: U.S. Department of Commerce, in "Economic Report of the President, January 1960," pp. 155, 156.

This increase is not due alone to the growth of the labor force. It is due much more to the incessant drive toward greater productivity through new inventions, new techniques of production and management, development of greater skills, and applications of large amounts of capital.

We can take great pride in having, as a Nation, achieved the point where our gross national product has reached a level of half a trillion dollars. This achievement is in reality a tribute to the industry, the imagination, and the ambitions of the American people. It is a demonstration to the world of what a free people can accomplish in building a Nation rich and powerful beyond the dreams of most of the world's inhabitants.

It is finally a challenge to us as a Nation to use our productive capacity and our native abilities in such a way that our children and our children's children will be able to live in a world of peace, able to develop their own capabilities to the utmost of their potentialities, and able to use the material blessings of our land in the service of the high and cherished ideals of our people.

All these facts—some spoken, some unspoken—will enter into the summit negotiations. They can be summed up by one final statistic.

Our President arrives in Paris as the leader of a Nation which produces more goods and services than that of the Soviet Union and Western Europe combined.

Mr. SCOTT. Mr. President, it is my judgment that Mr. Khrushchev has overplayed his hand. Evidently he has considerable fear, concern, and possibly fright over the attitude of the people in

his own country, in view of his recent agitations before he went to Paris.

Mr. President, it is quite obvious to me that Mr. Khrushchev has decided that the most damaging rebuttal which could be given to his posturings and his violent outcries at home would be the appearance in Russia of President Eisenhower, and that Khrushchev fears most of all the wide popularity of President Eisenhower and the tremendous enthusiasm which undoubtedly would greet him, which he apprehends would serve to wipe out Khrushchev's recent utterances regarding one of our planes. It appears to me that Khrushchev has, for those reasons, deliberately sabotaged the summit meeting because it is necessary for him to fall back and regroup with as much bluster as possible.

The fact that he suggests a period of about 8 months before another meeting be called would also indicate that he fears the influence among his own people of President Eisenhower, and is willing to take his chances on what may occur in some future year.

Mr. DODD. Mr. President, will the Senator from Pennsylvania yield to me?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Connecticut?

Mr. SCOTT. I yield.

Mr. DODD. Will the Senator from Pennsylvania agree with me when I say that it seems to me that at the time last September when we were talking about Mr. Khrushchev's proposed visit to the United States, one of the most sensible arguments offered in defense of his proposed visit here was that after Khrushchev's visit to us, our President would have an opportunity to go inside Russia and tell the truth there through personal appearances there.

As the Senator from Pennsylvania knows, I did not think much of the whole business. I admitted privately, and, I hope I did publicly. I do not recall, that, while a poor one, it was a reason in favor of the proposed visit by Mr. Khrushchev, although I was afraid the many grave disadvantages would outweigh that one advantage.

But is it not a great tragedy that we went so far as to allow Khrushchev to come here and build himself up, and now the excuse and apology and reason we offered for this blunder last September has been destroyed today?

Mr. SCOTT. I agree with the Senator from Connecticut.

Mr. Khrushchev is a great one for using proverbs and savings. I am not aware that he reads the Bible; but surely he must somewhere have heard the saying of St. Paul—

Ye shall know the truth, and the truth shall make ye free.

Mr. CLARK. Mr. President, no one can condone the activities of Mr. Khrushchev at Paris, today. All patriotic Americans must rally behind the President of the United States, and must resent the insults which have been tendered to him and, through him, to our country.

I also hope that all Members of the Senate and all the American people will remember that the search for peace in

our time is the most important issue which confronts the entire world—civilized, free, and slave—and that we must continue to search unremittingly for peace in our time, although the road ahead will apparently be much more difficult, at least for some months.

THE PRESIDENT'S VETO OF THE AREA REDEVELOPMENT BILL

Mr. CLARK. Mr. President, along with a number of my colleagues, I am grievously disappointed at the President's veto of the area redevelopment bill. Chronic and persistent unemployment, fortunately, is confined to relatively few areas throughout the United States. There, it is real and deep, and results in great suffering.

Each of the six reasons given by the President for vetoing the bill is without merit. One can only conclude that the President is looking for a political issue with which to beat the Democrats over the head.

First, he says the bill would squander the taxpayers' money where there is only temporary economic difficulty. The bill does not call for the expenditure of 1 cent. It is only an authorization bill. Moreover, communities whose economic difficulties are truly temporary will cease to be eligible once their unemployment rates drop below 6 percent. If the administration's own rosy economic forecasts are borne out, we should shortly emerge from the recession which began in 1958. Accordingly, it is simply not true that communities in genuine need would receive less help than under the administration's proposal.

Second, he says that local, State, and private initiative would be materially inhibited by excessive participation that the bill would authorize. But the Administrator could limit the Federal participation to any amount he saw fit. Any Administrator who permitted excessive Federal participation should, and probably would, be fired. Those of us who know at first hand about conditions in the depressed areas realize that many a community has been bled so white in its efforts to pull itself up by its bootstraps that substantial Federal participation, as authorized but not required by the bill, would be needed to rehabilitate the community.

Third, the President says that the Federal financing of machinery and equipment is unwise and unnecessary. Again, the bill merely authorizes, but does not require, such financing. No Administrator is ever expected to take actions which are unwise and unnecessary. If the President is right, the authority would never be used. But those of us familiar with these hard-pressed communities believe there might be occasions when the only way a sound new industry could be brought into a distressed community would be to provide financing for plant and machinery as well as land and buildings.

Fourth, the President complains that Federal loan assistance for public fa-

cilities is unnecessary because such assistance is already available under an existing Government program. But the fact is that money available under the existing public facility loan program of the Housing and Home Finance Agency is virtually exhausted. While the President has asked for it, it is not now there. Moreover, why not consolidate all the facilities for assisting chronically depressed areas under one agency, instead of dividing them between executive agencies, thus requiring additional coordination?

The President's suggestion that outright grants for public facilities are wholly inappropriate flies in the face of facts established not only in the hearings before the Banking and Currency Committee of the Senate, but also in the voluminous testimony taken by the Special Senate Committee on Unemployment Problems. Many a community is entirely unable to finance its facilities on a loan basis.

Fifth, the President complains that the provisions for Federal loans for creating industrial jobs in rural areas are unnecessary. Again the President appears unaware of the facts established by a wealth of testimony.

There are hundreds of rural counties as badly in need of economic rehabilitation as many of the distressed industrial areas. It would be grossly unfair to confine the relief to urban centers, when the need exists, to a like extent, in many rural areas.

Sixth, the President complains of the creation of a new Federal agency, but he should know that the reason why the Congress did not put this agency in the Department of Commerce is that his appointees in that Department have demonstrated their lack of sympathy with the program. The creation of a new agency would not mean the addition of any more personnel than would have to be added in the Department, because the workload would be the same. By simply transferring existing personnel in the Department of Commerce to be the nucleus of the new agency, he could eliminate any delay in getting the program started.

In short, the six reasons given for the veto are so hollow that it is clear this is merely a political veto.

It seems clear that the President, having promised to veto some Democratic bills, felt it necessary to make good on his promise.

The "cold war of partisan politics," which the President once predicted, he has apparently now initiated—and at the expense of thousands of men, women, and children to whom this bill held out the promise of jobs and bread.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate go into executive business, to consider the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. CARLSON in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, and withdrawing the nomination of Edward K. Mills, Jr., to be a member of the Federal Communications Commission, which nominating messages were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. If there be no reports of committees, the nominations on the calendar will be stated.

SECURITIES AND EXCHANGE COMMISSION

The legislative clerk read the nomination of Harold C. Patterson, of Virginia, to be a member of the Securities and Exchange Commission for the term expiring June 5, 1965.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

PUBLIC HOUSING COMMISSIONER

The legislative clerk read the nomination of Bruce Savage, of Indiana, to be Public Housing Commissioner.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

MISSISSIPPI RIVER COMMISSION

The legislative clerk read the nomination of Maj. Gen. Thomas A. Lane, Corps of Engineers, to be member and president of the Mississippi River Commission, under the provisions of section 2 of an act of Congress approved June 28, 1879 (21 Stat. 37) (33 U.S.C. 642).

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

CALIFORNIA DEBRIS COMMISSION

The legislative clerk read the nomination of Col. John A. Morrison, Corps of Engineers, to be a member of the California Debris Commission, under the provisions of section 1 of the act of Congress approved March 1, 1893 (27 Stat. 507) (33 U.S.C. 661).

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

SUBVERSIVE ACTIVITIES CONTROL BOARD

The legislative clerk read the nomination of Francis Adams Cherry, of Arkansas, to be a member of the Subversive Activities Control Board for a term of 5 years expiring March 4, 1965.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

U.S. ATTORNEYS

The legislative clerk proceeded to read sundry nominations of U.S. attorneys.

missioner of the Indian Claims Commission.

THE PRESIDING OFFICER. Is there objection to the present consideration of the nomination?

There being no objection, the Senate proceeded to consider the nomination.

THE PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Arthur V. Watkins to be Chief Commissioner of the Indian Claims Commission?

The nomination was confirmed.

Mr. MANSFIELD. Mr. President, I ask that the President be immediately notified.

THE PRESIDING OFFICER. Without objection, the President will be notified forthwith.

Mr. BENNETT. Mr. President, I can think of no more gracious or fitting tribute which the Senate could pay to one of its former Members than to accept a nomination of that Member to an Office in the administrative branch of the Government, offer it, and approve it on the floor, without referring it to committee. This is a mark of respect, of appreciation, and of confidence. I am certain that our former colleague, Senator Watkins, deserves that respect. I am sure he will very effectively carry out the responsibilities of the new Office to which he has been appointed and his nomination has been confirmed.

For some time, former Senator Watkins has been serving as a member of the Indian Claims Commission. By the President's nomination, and the confirmation by the Senate of the nomination, he now becomes the Chief Commissioner of that Commission.

Before he came to Congress, Senator Watkins presided with honor and success as a judge in my State of Utah. His work as the chairman of the special subcommittee committee which considered the censure of Senator McCarthy demonstrated to the Senate his judicial ability and temperament.

During his service in the Senate as a member of the Committee on Interior and Insular Affairs and of its Subcommittee on Indian Affairs, Senator Watkins demonstrated his interest in and his basic fitness for the kind of assignment which he now holds, a position which involves him deeply in the problems of the American Indians and their claims against the Government. So I am very happy that the Senate, under the leadership of our distinguished acting majority leader, took a short cut and honored my colleague in this rather unusual way.

Mr. KUCHEL. Mr. President, our former colleague, Arthur V. Watkins, has performed an invaluable service to the country in his membership on the Commission, and I feel sure that in his new responsibilities that type of service will continue in the future. I congratulate the President on his nomination.

Mr. GRUENING. Mr. President, I should like to join in the remarks the Senator from Utah [Mr. BENNETT], and the Senator from California [Mr. KUCHEL] have made on the nomination of former Senator Arthur Watkins. He served with great distinction and devo-

tion in this body. I think this is an excellent appointment, and I think he will be a most useful public servant in a field in which he is well acquainted.

Mr. MANSFIELD. Mr. President, I wish to join with the Senator from Utah [Mr. BENNETT], the Senator from California [Mr. KUCHEL] and the Senator from Alaska [Mr. GRUENING] in what they had to say about our former colleague, Arthur Watkins. He was a truly great Senator, who made many contributions to the welfare and betterment of this country and also of the Senate. Our confidence in him and our appreciation and affection for him are indicated by the fact that his nomination was not referred to a committee, but was considered immediately, by the Senate and confirmed unanimously.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

AMENDMENT OF MOTOR VEHICLE SAFETY RESPONSIBILITY ACT OF THE DISTRICT OF COLUMBIA

The Senate resumed the consideration of the bill (S. 2131) to amend the Motor Vehicle Safety Responsibility Act of the District of Columbia, approved May 25, 1954, as amended.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

THE PRESIDING OFFICER (Mr. McGEE in the chair). Without objection, it is so ordered.

REDUCTION OF FIGHTER PLANE STRENGTH IN ALASKA

Mr. GRUENING. Mr. President, I wish to serve notice that tomorrow, if we can obtain the time, my colleague [Mr. BARTLETT] and I will address ourselves to the utterly amazing reduction, by nearly 50 percent, of the Air Force fighter strength in Alaska.

The Air Force has informed us that its purpose is to abolish the entire fighter squadron of 25 F-89 planes at Ladd Field, the northernmost air base under the American flag, and the U.S. air base nearest Russia. It is an almost unbelievable piece of folly; and we shall attempt to secure its reversal in the interest of the national security. To cut almost in half our fighter strength in that area would be sheer idiocy; and we intend to explore the matter fully.

In that connection, let me say that I am delighted to see in the Chair at this time my colleague from Alaska [Mr. BARTLETT]; and I am also very happy to see on the floor at this moment the Senator from Arizona [Mr. GOLDWATER], who is fully aware of the importance

of maintaining the strength of our Air Force. I am likewise very happy to see in the Chamber at this time the junior Senator from Washington [Mr. JACKSON], who has conscientiously devoted himself to the maintenance of our strength in the interest of our security and is fully aware of the strategic importance of Alaska to national defense.

I now give notice that we intend to do our utmost to have this very much mistaken order reversed.

THE EISENHOWER-NIXON DOUBLE STANDARD OF AREA REDEVELOPMENT FOR THE PEOPLE OF EUROPE, ASIA, AFRICA, AND SOUTH AMERICA BUT NOT FOR THE PEOPLE OF THE UNITED STATES

Mr. GRUENING. Mr. President, last Friday the President returned to the Congress, without his approval, S. 722, the area redevelopment bill.

Thus, the Eisenhower-Nixon administration, by veto—or threat of veto—marches on.

Thus, the Eisenhower-Nixon "double standard"—everything for the people of foreign countries, little or nothing for our own people—is once more, for the *n*th time, reaffirmed.

Shortly after the receipt of the President's 161st veto message last Friday, the distinguished senior Senator from Illinois [Mr. DOUGLAS] presented on the floor of the Senate a masterful analysis of the President's reasons for vetoing S. 722. Of this message, Senator DOUGLAS said:

This message betrays ignorance, it is unctious and hypocritical, and it is greatly mistaken in its attitude toward what is happening in this country.

Mr. President, I want to associate myself with the analysis made by the able senior Senator from Illinois in his characterization of the President's message.

Senator DOUGLAS was joined in his analysis of the President's actions by the able and distinguished junior Senator from West Virginia [Mr. BYRD], with whose remarks I also wish to associate myself.

I also wish to thank the Senator from Illinois [Mr. DOUGLAS] for referring to my 5 pounds and 7 ounces book setting forth some—only some—of the many, many projects under the mutual security program. Our efforts are not yet concluded, so I cannot at this time say with certainty how many volumes will ultimately be filled or how many pounds those volumes will weigh.

But this much I can say at this point: Contained in this one volume are example after example of items for which Federal dollars have been spent for projects of exactly the same type as those which this administration bitterly opposes at home.

The President's veto of the area redevelopment bill is, for me, just one more example of the double standard, double-talking, and doubledealing of the Eisenhower-Nixon administration.

We have seen many similar actions in the past.

Mr. President, I think that relieving want and unemployment and economic distress, wherever they may be found in the United States, should not be made a political football. But that is exactly what the President is making of the problem of relieving those areas—some 40 major areas and 103 minor areas—which are suffering from economic dislocation. That was the purpose of S. 722, the area redevelopment bill vetoed by President Eisenhower.

In the CONGRESSIONAL RECORD for Friday, May 13, 1960, the Senator from Illinois [Mr. DOUGLAS] detailed on page 5970 the incontrovertible proof that the Republican Party is only paying lipservice to the problem of relieving the economic distress of the 143 areas in the United States which, as of May of this year, needed help.

The Senator from Illinois recounted very well the long and rocky road followed by this legislation. Today, I shall not take the time of the Senate to recount in detail the proof offered by my colleague from Illinois of continued Republican opposition to the area-redevelopment legislation. It is written clearly in the votes in both Houses of the Congress.

Mr. LONG of Louisiana. Mr. President, will the Senator from Alaska yield to me?

The PRESIDING OFFICER (Mr. BARTLETT in the chair). Does the Senator from Alaska yield to the Senator from Louisiana?

Mr. GRUENING. I yield.

Mr. LONG of Louisiana. Does the Senator recall that about a year ago, when I offered an amendment—and the Senator from Alaska voted for it—to increase welfare payments, not 10 Republican Senators voted for adoption of the amendment, although the amendment was adopted because the overwhelming majority of the Democratic Senators voted for it.

Now, in an election year, the Republicans say they think they are in favor of some improvement of social security which is pretty much in line with the type of assistance and the type of philosophy for which many of us voted. The difficulty which some of us experience, however, is that we are accused of favoring the enactment of such measures in election years. However, the fact is that we vote for them year in and year out; but it seems that some of the Republicans want to vote for them only in election years, when they can explain to the chambers of commerce that that was necessary in order to be reelected, although they did not really believe in it.

Mr. GRUENING. And, Mr. President, it was interesting to note, the other day, that Senators on the other side of the aisle made fine speeches in favor of area redevelopment; but the next day, follow-

ing the breakfast at the White House, the same Senators voted to recommit the bill. Perhaps such reversal is not difficult to understand.

Mr. LONG of Louisiana. They were in favor of it, except when the time for decision came.

Mr. GRUENING. That is correct.

An area redevelopment bill was originally introduced by the Senator from Illinois [Mr. DOUGLAS] 5 years ago—in 1955. It passed the Senate; but the Republican leaders in the House refused to give unanimous consent for its consideration by that body, so it died.

In 1957 the able and distinguished senior Senator from Illinois introduced another bill for area redevelopment. Only 15 Republicans voted for it when it passed the Senate. Over the opposition of the Republican leaders in the House, the bill was passed and sent to the President, only to be met by the customary veto.

In 1959 a similar bill passed the Senate, with only four Republican Senators voting for it. For approximately a year it was held up in the House by the Rules Committee. I shall not dwell at this time on the composition of the Rules Committee in the House or how the combination of votes there makes delay possible. Finally it passed the House on Calendar Wednesday, again in the face of stiff Republican opposition.

And now, for a second time, the President has vetoed the area redevelopment bill.

Twice before, area redevelopment has been defeated by the administration. It simply does not want a program for our own American depressed areas.

But my purpose today, Mr. President, is to consider one particular facet of the President's message and to show the extent of the double standard of this administration.

In his veto message, the President said:

Under S. 722, however, financing of industrial development projects by the Federal

Government—limited to 35 percent under the administration's proposal—could go as high as 65 percent, local community participation could be as low as 5 percent.

S. 722 would authorize Federal loans for the acquisition of machinery and equipment to manufacturers locating in eligible areas. Loans for machinery and equipment are unnecessary, unwise, and costly.

The Eisenhower-Nixon administration, therefore, Mr. President, seems to be saying that in making grants for industrial development, the localities should put up at least 65 percent of the total, and that loans for machinery and equipment are in all events "unnecessary, unwise, and costly."

Does the Eisenhower-Nixon administration apply the same high-sounding standards to its foreign-aid program, for which we were asked, this year—under threat of a special session if we do not comply—to authorize the appropriation of over \$4 billion, and that \$4 billion only a part of the foreign-aid request?

No, Mr. President, what is sauce for the goose is not sauce for the gander under this administration.

There is not even the semblance of equal treatment.

The sky is the limit on our foreign-aid standards. Things which the Eisenhower-Nixon administration calls unnecessary, unwise and costly when Federal dollars are to be spent on them at home, are deemed urgent, essential, and for an unassailable purpose when the Federal dollars are to be used for the same types of things abroad.

Consider the loans made by the Development Loan Fund.

I ask that there be printed at this point in my remarks in the CONGRESSIONAL RECORD a list furnished me by the Development Loan Fund, at my request, showing the cumulative status of loans and commitments.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

	Amount (thousands)
I. Total loan and guaranty agreements signed Apr. 13, 1960 (from attached report).....	\$872, 806
II. Other loans approved, not yet signed:	
Letters of advice issued:	
Borrowers and project:	
Government of Yugoslavia, diesel locomotives (2d stage).....	\$14, 800
Government of India, Chandrapura electric power.....	30, 000
Government of India, Sharavathi hydroelectric power.....	8, 400
Industrial Finance Corp. of India, industrial finance corporation.....	10, 000
Tee Pan Industrial Corp. (Korea), Tee Pan.....	1, 100
Peru Savings & Loan Association, savings and loan association.....	1, 000
Societe National des Chemins de Fer Tunisiens (Tunisia), National railways.....	1, 350
Taiwan Telecommunications Administration, telecommunications.....	2, 000
Liberia: Bank of Monrovia, Bank of Monrovia.....	250
Government of Vietnam, Saigon-Cholon water distribution.....	19, 500
N. V. Indonesia Service Co., N. V. Indonesian service.....	2, 600
Central Sucriere Nord-Haiti, S.A., sugar mill.....	3, 000
Government of Peru, Aguaytia-Pucallpa Highway.....	3, 500
Industrial Deve Bank of Israel, development bank.....	5, 000
Government of Paraguay, telecommunications.....	1, 000
Vinylx Plastics, Ltd., plastics, carbide plant.....	6, 100
Koruma Tarima Ilaclari, production of chemicals.....	2, 800
Government of Pakistan, dredging facilities.....	2, 000
Banque de Credit Agricole Industriel et Foncier (Lebanon), development bank.....	5, 000
Letters of advice pending.....	118, 400
III. Other project commitments.....	70, 500
Total loans approved, Apr. 30, 1960.....	1, 079, 856

Development Loan Fund—Cumulative status of approved loans as of Apr. 13, 1960

Region and country	Borrower	Purpose	Amount (thousands)	Date agree- ment signed
A. Loans and guarantee agree- ments signed (obligations):				
Africa:				
Ethiopia	Sviluppo Agricolo Industriale Dell'Eritrea S.A.	Cotton textile mill	\$500	Aug. 6, 1959
Liberia	Liberian-American Agricultural and Industrial Corp.	Sawmill	130	Dec. 16, 1958
	Republic of Liberia	Telecommunications	3,000	Jan. 30, 1959
Libya	Government of Libya	Electric powerplant	5,000	June 25, 1959
Morocco	Kingdom of Morocco	Irrigation	23,000	Mar. 16, 1960
Nigeria	Nigerian Ports Authority	Construction of warehouse	800	Dec. 30, 1959
Somalia	Credito Somalo	Agricultural and industrial develop- ment	2,000	Mar. 31, 1959
Sudan	Sudan-American Textile Industry	Textile mill	10,000	May 21, 1959
Tunisia	Societe Nationale des Chemins de Fer Tunisiens	National railways	2,400	May 27, 1959
	Societe Nationale Tunisienne de Cellulose	Pulp factory	6,250	May 13, 1959
Subtotal, Africa			53,140	
Europe:				
Netherlands	Government of Netherlands	Emigrant resettlement	3,000	Jan. 21, 1959
Spain	Instituto Nacional de Colonizacion	Irrigation (equipment)	7,700	June 5, 1959
	Spanish National Railways	Railway rehabilitation	14,900	Do.
	Union Electrica Madrilena	Hydroelectric plant	3,900	Mar. 23, 1960
Yugoslavia	Government of Yugoslavia	Fertilizer plant	22,500	Jan. 8, 1959
	do	Diesel locomotives	5,000	June 12, 1959
	do	Electric power	9,000	Nov. 25, 1959
	do	Hydroelectric plant	15,000	Dec. 17, 1959
Subtotal, Europe			81,000	
Far East:				
Indonesia	Republc of Indonesia	Railway rehabilitation	3,000	June 26, 1959
	do	Harbor development	6,000	Do.
Korea	Tongyang Cement Manufacturing Co.	Cement plant	2,140	Jan. 20, 1959
	Republic of Korea	Telecommunications	3,500	Apr. 8, 1959
	Korea Electric Power Co.	Chung Ju hydroelectric	1,500	May 26, 1959
	Oriental Chemical Industries Co.	Soda ash plant	5,600	Dec. 14, 1960
	Korea Reconstruction Bank	Reconstruction bank	5,000	Apr. 12, 1960
Malaya	Federation of Malaya	Wharfage accommodations	10,000	Mar. 18, 1959
	do	Roads and bridges	10,000	Do.
Philippines	Central Bank of Philippines	Small industry fund	5,000	May 6, 1959
	Republic of Philippines	Roads and bridges rehabilitation	18,750	June 29, 1959
	Bataan Pulp and Paper Mill	Pulp and paper mill	5,300	July 10, 1959
	Mindanao Portland Cement Co.	Construction of cement plant	3,700	Oct. 22, 1959
	Bago Pulp and Paper Co., Inc.	Pulp and paper mill	5,300	Dec. 29, 1959
Taiwan	Asia Cement Corporation	Cement plant	3,000	July 25, 1958
	Republic of China	Multipurpose dam	21,500	Nov. 10, 1958
	do	Railways	3,200	Nov. 12, 1958
	do	Railways (second)	5,900	Feb. 18, 1960
	Land Bank	Improvement of fishing industry	686	Mar. 18, 1959
	First Commercial Bank of Taiwan, Chang Hwa Commercial Bank, Hua Nan Commercial Bank, Ltd., and Central Trust of China.	Small industry fund	2,500	Dec. 15, 1959
	Ingalls-Taiwan Shipbuilding Co.	Expansion of shipyard	2,000	Jan. 22, 1959
	Pioneer Chemical Corp.	Coke oven	1,000	Feb. 19, 1959
	Taiwan Aluminum Corp.	Production of aluminum	1,350	June 25, 1959
	China Development Corp.	Development bank	10,000	Mar. 24, 1960
Thailand	MEA (Metropolitan Elective Authority)	Electric power expansion	20,000	Mar. 6, 1959
	Government of Thailand	Dredge facilities	1,750	Feb. 10, 1959
	Livestock Trading Corp.	Meat processing plant	750	July 16, 1959
Subtotal, Far East			158,426	
Latin America:				
Argentina	Government of Argentina	Economic development	24,750	Mar. 18, 1959
Bolivia	Gasser y Cia Industrias La Belgica	Sugar mill	2,500	Feb. 5, 1959
	Government of Bolivia	Construction of runway	1,500	Oct. 22, 1959
Brazil	Cooperativo Agro-Pecuaria Batavo Limitada & Sociedade Cooper- ativa Castrolanda Ltd.	Resettlement project	240	Mar. 4, 1959
Chile	Government of Chile	Airport design	300	May 20, 1959
Costa Rica	Societa Italiana de Colizzazione Agricola	Resettlement project	300	Jan. 13, 1959
Equador	Government of Ecuador	Highway construction	4,700	Mar. 19, 1959
	do	do	5,300	Nov. 5, 1959
Guatemala	Banco de Guatemala	Rubber production	5,000	Aug. 17, 1959
	Productos de Kenaf	Kenaf bag factory	400	June 3, 1959
Haiti	Government of Haiti	Irrigation	4,300	May 28, 1959
	do	Highway (engineering)	300	Jan. 21, 1960
Honduras	Government of Honduras	Highway development	5,000	May 10, 1958
Nicaragua	Municipality of Matagalpa	Public utilities	600	May 7, 1959
Paraguay	Corporacion de Obras Sanitarias de Asuncion	Water supply system	1,000	Sept. 5, 1958
	Government of Paraguay	Road improvement	2,500	Oct. 29, 1958
	International Products Corp.	Modernization of operatives	2,600	Nov. 6, 1958
Uruguay	Administracion General de las Uninas Electricas y los Telefonos del Estado (UTE).	Telephone expansion	8,800	Sept. 3, 1959
Subtotal, Latin America			70,090	
Near East:				
Greece	Government of Greece	Fertilizer plant	12,000	Jan. 28, 1959
	Public Power Corp.	Hydroelectric plant	31,000	Jan. 29, 1960
Iran	Plan Organization	Economic development project	47,500	Jan. 7, 1959
	Industrial and Mining Development Bank of Iran	Development bank	5,200	Nov. 19, 1959
	Plan Organization	Highway construction	25,000	Oct. 7, 1959
Israel	Government of Israel	Development projects	15,000	June 25, 1958
	Industrial Development Bank of Israel	do	5,000	Apr. 12, 1959
Jordan	Transjordan Electric Power Co.	Electric power	1,200	June 25, 1959
	Jordan Phosphate Mines Co.	Phosphate mine expansion	1,500	Oct. 26, 1959
Turkey	Industrial Development Bank	Development bank	10,000	Sept. 12, 1958
	Maden Tetkik Ve Arma Enstitud	Aerial mineral survey	900	Apr. 30, 1959
	Turkiye Komur Isletmeliri Kurumu	Coal mining facilities	14,500	Do.
	ETIBANK	Electric power distribution	7,000	Jan. 21, 1960
Lebanon	Societe d'Electricite de El Bared	Powerplant	500	Feb. 9, 1960
Syria	Modern Industries Corp.	Textile mill	700	Nov. 10, 1959
Subtotal, Near East			177,000	

Development Loan Fund—Cumulative status of approved loans as of Apr. 13, 1960—Continued

Region and country	Borrower	Purpose	Amount (thousands)	Date agreement signed
A. Loans and guarantee agreements signed (obligations)—Continued				
South Asia:				
Ceylon.....	Government of Ceylon.....	Irrigation and land development.....	\$1,600	June 24, 1958
	do.....	Highway development.....	900	July 28, 1958
	do.....	Rehabilitation of railroads.....	750	Sept. 3, 1958
India.....	Government of India.....	Railway modernization.....	40,000	June 23, 1958
	do.....	Roads, cement, jute.....	35,000	Do.
	do.....	Railway modernization.....	35,000	Dec. 24, 1958
	do.....	Steel imports, public development.....	18,000	Do.
	do.....	Steel imports, private development.....	22,000	Do.
	do.....	Public power development.....	10,000	Do.
	do.....	Capital equipment, private industry.....	15,000	Do.
	do.....	Steel imports.....	20,000	July 27, 1959
Pakistan.....	Government of Pakistan.....	Water, sewage and disposal.....	5,500	June 30, 1958
	PICIC ¹	Industrial development loans.....	4,200	Feb. 4, 1958
	Government of Pakistan.....	Railroad rehabilitation.....	9,100	Feb. 18, 1959
	do.....	Multipurpose dam.....	17,500	Do.
	West Pakistan Water and Power Development Authority.....	Land reclamation.....	15,200	Do.
	do.....	Power transmission lines.....	14,700	Do.
	Government of Pakistan.....	Dredging facilities.....	2,000	July 10, 1959
	Sui Gas Transmission Co.....	Expansion gas treating plant.....	2,000	Feb. 19, 1960
	Government of Pakistan.....	Construction power substation.....	23,000	June 29, 1959
	do.....	Improve inland waterways.....	1,750	Sept. 12, 1959
	do.....	Construction jet runway.....	4,800	Nov. 3, 1959
	PICIC ¹	Industrial development loans.....	10,000	Jan. 14, 1960
	Government of Pakistan.....	Railroad rehabilitation.....	22,000	Jan. 16, 1960
Subtotal, south Asia.....			330,000	
Subtotal, direct loans.....			869,656	
Guaranteed loans:				
Taiwan.....	Ingalls-Taiwan Shipbuilding Co.....		3,150	
Total, loan and guarantee agreements signed.....			872,806	
B. Other loans and guarantees approved but not yet signed.			170,900	
Total loans and guarantees.....			1,043,706	

¹ Pakistan Industrial Credit and Investment Corporation.

Mr. GRUENING. Mr. President, it is rather striking that the first item is for diesel locomotives to the Government of Yugoslavia, in the amount of \$14,800,000.

The second one is a loan to the Government of India for the Chandrapura electric power, in the amount of \$30 million.

There is no partnership there as in the administration's hydro policy at home; the Government does it all. There is a second loan to the Government of India for the Sharavathi hydroelectric power, amounting to \$8,400,000.

There is another one to Industrial Finance Corporation of India for \$10 million.

There are others, as this list in the RECORD will show.

Let us consider one or two of these projects in the light of the President's own standards.

One of the loans is to India—and I am not critical of the project as such. I know no more about it than the information furnished me by the Development Loan Fund. But in looking through this information, I find that a loan has been made to India in the amount of \$5 million, repayable in 15 years in Indian rupees.

What is the loan for?

Five million dollars to purchase equipment for use in the modernization and expansion of India's privately owned jute industry. Equipment to be procured includes looms, spindles, and spare parts. The proceeds of the loan will be made available by the Government of India to private companies through a national jute trust composed of representatives of the industry and government officials.

But the Eisenhower-Nixon administration just told us on Friday, in the veto message, that loans to American communities—even when they are to be repaid in good, hard American dollars—and not in soft currency, in rupees—are unnecessary, unwise, and costly.

Obviously, a different standard is to be applied when the loans are made abroad and are to be repaid in soft currencies—much of which we cannot even take out of the foreign countries and much of which today poses a serious problem of inflation in some of these foreign countries—which we are then asked to remedy by further contributions, either as grants or loans, and cheerfully do so.

Consider another example, Mr. President.

Consider, Mr. President, the loan of \$1,350,000 for the Taiwan Aluminum Corp. repayable in 5 years in new Taiwan dollars.

What is this loan to be used for?

According to the Development Loan Fund, it is to be used as follows:

The proceeds of this loan will assist in financing the costs of acquiring equipment, materials, supplies and services required for modernization and expansion of the corporation's facilities for producing aluminum and aluminum ingot at Kaohsiung, Taiwan.

Mr. DODD. Mr. President, will the Senator yield?

Mr. GRUENING. I yield with pleasure to my able and distinguished colleague from Connecticut.

Mr. DODD. I wish to say to the Senator from Alaska that I think, in the speech which he is making today, and

which I have had the privilege of following as I sat here, he is again contributing, as he has so often in the past, to a clear understanding of just what the American people are up against in this administration which is so concerned about big private business, and so little concerned about small people and their needs. There is no more dramatic example of that fact than in this whole business of aid to depressed areas.

I received only this morning a communication from a very good Republican friend of mine in my own State. I have his letter on my desk, but I do not have his permission to read it into the RECORD. I think it is fair to say that he is a very prominent member of his party. He says, among other things, "I am writing to you because I read in the press that Ike will veto the \$251 million depressed areas bill." Then he asks me if I will send him the figures of the staggering amounts we are sending to foreign countries as subsidies. "I am still a Republican," he says, "but I am critically wondering just how I can go on being so with this attitude in the White House." Little wonder that he is worried.

Before I go any further, I wish to say to the Senator from Alaska I think he is doing a great thing in helping our people to understand just what this question is really all about.

As the Senator from Alaska knows, I have been very strongly in favor of foreign aid. When I was in the other body and a member of the Foreign Affairs Committee, I worked and voted for foreign aid. I have voted for it while I

have been a Member of the Senate. I think we must continue the program. I deeply believe there is a need for it, and I know the Senator from Alaska feels likewise. But, on another occasion, I said there is such a thing as being so broadminded that we get flatheaded; and I am wondering if we have not reached that point on foreign aid in this country. We are so concerned about the poor and the unfortunate and the needy abroad—which we should be, and properly so, that we go to the extent of neglecting our own. That is the point the Senator from Alaska is so ably making. I am glad he is doing so, because it needs to be done.

Mr. GRUENING. As the Senator has noticed, in the last year we have been borrowing money from our own people to be able to spend abroad as the \$12 billion deficit in 1959 reveals and, under the policies of this administration, which wishes to raise interest rates, our people will have to pay still more to raise the money to give and lend to foreign nations, whereas, loans made to foreign countries are really not true loans at all, since they are repayable in soft currencies, which makes them virtually gifts, masquerading as loans.

Mr. DODD. Of course, they are. I do not want to delay the Senator further. I wish to hear what else he has to say. However, I should like to say that his complaint is not that we are carrying on a foreign aid program, but, rather, that we are not carrying it out properly, that we are not doing the job as it should be done, and that we are not taking care of our own people as they should be taken care of and, in my own judgment, as a priority matter. It is getting so that it is considered bad for an American to stand up and say that America should be given a priority in anything. In some quarters it is considered wrong to do that. It has got so that if one raises his voice so he can be heard in this Chamber, he is characterized as a demagog. We are led to believe that we must whisper; we must speak softly, in double terms and then only in certain places. It is high time that our leaders, as the Senator from Alaska is doing, speak up so they can be heard, and give the people the facts they need, so we can move ahead at home and abroad.

Mr. GRUENING. I thank my able colleague from Connecticut. I shall not delay the Senate much further, but I think when the people read in today's RECORD, what some of these foreign projects are, they will have a better understanding of the Eisenhower-Nixon's double standard. Let me refer to the list of projects.

Here is one item for \$10 million for a textile mill in the Sudan.

Here is one for \$2 million for agricultural and industrial development in Somalia.

Here is one for \$800,000 for construction of a warehouse in Nigeria.

Here is one for \$23 million for an irrigation project for the Kingdom of Morocco.

Here is one for \$5 million for an electric power plant for the Government of Libya.

Here is one for a pulp factory in Tunisia; and so on—projects which in this country our Government would denounce as socialistic and all the other adverse things that it says about any projects for the American people.

What makes these foreign aid projects sacrosanct? Yet projects costing much lesser amounts, projects which have been carefully worked out, that have passed both bodies of Congress, which are aimed at relieving distress, whether for area redevelopment, education, housing, resource development or to end water pollution, needs that exist in this country, are labeled as "unnecessary, unwise, and costly"?

Perhaps there is some allergy on the part of the Eisenhower-Nixon administration to loans repaid in American dollars and that when the loan is to be paid in new Taiwan dollars, rupees, or other soft currencies, the loan no longer is "unnecessary, unwise, and costly"?

Mr. President, I confess that I cannot understand such double talk.

But I can understand this, Mr. President: Our gross national product has now reached the sum of one-half a trillion dollars annually. What we were seeking to do in enacting S. 722 was to devote a sum approximately equivalent to what could be produced by our national effort in 4 hours to relieving the economic distress of our fellow citizens here at home in areas needing economic redevelopment.

It is my sincere opinion that the devotion of that small fraction of our gross national product to such a worthy purpose at home has at least as much merit as devoting many times that much to similar projects abroad.

The time will come—and I hope it will be not too long distant—when the Eisenhower-Nixon administration will rue the day that it forsook the interests of the people here at home in favor of the people in 104 foreign countries, and adopted its double dealing, double talking, double standard, making it the first administration in American history which by its actions shows that it prefers the interests of the people of foreign lands to the interests of the people of our own.

Mr. President, I yield the floor.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMUNITY ANTENNA SYSTEMS

Mr. MANSFIELD. Mr. President, unless there is further business, it is the intention to adjourn the Senate shortly.

Mr. President, as I understand the situation, when the Senate adjourns this afternoon until 12 o'clock tomorrow, the pending business will be Calendar No. 950, S. 2653, to amend the Communications Act of 1934 to establish jurisdiction in the Federal Communications

Commission over community antenna systems.

The PRESIDING OFFICER. The Chair lays before the Senate the bill, S. 2653, which will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2653) to amend the Communications Act of 1934 to establish jurisdiction in the Federal Communications Commission over community antenna systems.

Mr. MANSFIELD. Mr. President, I announce to the Senate that this measure will not be considered today, but will be taken up for consideration at the conclusion of morning business tomorrow. I believe unanimous consent has been granted that if morning business should conclude before 2 o'clock, the bill, S. 2653, will be laid before the Senate and will be open for consideration and debate by the Senate.

The PRESIDING OFFICER. The Senator is correct.

ORDER FOR ADJOURNMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today it stand in adjournment until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE SUMMIT CONFERENCE

Mr. KUCHEL. Mr. President, this is a sad day in this melancholy world. What mankind had fondly hoped might conceivably result in forward progress toward the cause of peace with honor apparently in advance has been doomed to failure.

Today in Paris the Soviet Premier has done a tragic and frightening disservice by his announcement calculated to scuttle a summit meeting which he himself originally sought.

For years the Soviets have maintained a far-flung system of espionage all around the globe. Other states, including our own, have done likewise, though none on the same scale, I believe, as Russia. We have apprehended and convicted many Soviet secret agents who were spying their trade in our own country. Now Russia, in regard to the U-2 plane incident, has announced that an American reconnaissance plane pilot will be held for trial on charges of espionage behind the Iron Curtain. Meanwhile, they announce the orbiting in outer space of a mechanism which, when perfected, perhaps could supply a worldwide reconnaissance capability to them.

This morning the Soviet Premier used the U-2 incident as a basis for effectively preventing the meeting from being held. What is it, Mr. President, which the Soviets apparently, at all costs, desire to have remain secret behind their own borders? Is it progress in the fields of peaceful pursuits, or is it something else?

We deal here with the perpetuation of American liberty, and equally, with the cause of mankind's freedom. What new, or different arrangements may now be necessary, here and elsewhere, to as-

sure our freedom, our Government will be prepared to make, and it will make them with the unstinting approval of all the American people and, I feel sure, with the approval of free governments and free peoples everywhere.

I have just read the text of the statement which our President made today in Paris at the conference of the heads of state. I ask unanimous consent that the text of this statement appear at this point in my comments.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Having been informed yesterday by General de Gaulle and Prime Minister Macmillan of the position which Mr. Khrushchev has taken in regard to this Conference during his calls yesterday morning on them, I gave most careful thought as to how this matter should best be handled. Having in mind the great importance of this Conference and the hopes that the peoples of all the world have reposed in this meeting, it concluded that in the circumstances it was best to see if, at today's private meeting, any possibility existed through the exercise of reason and restraint to dispose of this matter of the overflights which would have permitted the Conference to go forward.

I was under no illusion as to the probability of success of any such approach but I felt that in view of the great responsibility resting on me as President of the United States this effort should be made.

In this I received the strongest support of my colleagues, President de Gaulle and Prime Minister Macmillan. Accordingly, at this morning's private session, despite the violence and inaccuracy of Mr. Khrushchev's statement, I replied to him on the following terms:

"I had previously been informed on the sense of the statement just read by Premier Khrushchev.

"In my statement of May 11 and in the statement of Secretary Herter of May 9, the position of the United States was made clear with respect to the distasteful necessity of espionage activities in a world where nations distrust each other's intentions. We pointed that these activities had no aggressive intent but rather were to assure the safety of the United States and the free world against surprise attack by a power which boasts of its ability to devastate the United States and other countries by missiles armed with atomic warheads. As is well known, not only the United States but most other countries are constantly the targets of elaborate and persistent espionage of the Soviet Union.

"There is in the Soviet statement an evident misapprehension on one key point. It alleges that the United States has, through official statements, threatened continued overflights. The importance of this alleged threat was emphasized and repeated by Mr. Khrushchev. The United States has made no such threat. Neither I nor my Government has intended any. The actual statements go no further than to say that the United States will not shirk its responsibility to safeguard against surprise attack.

"In point of fact, these flights were suspended after the recent incident and are not to be resumed. Accordingly, this cannot be the issue.

"I have come to Paris to seek agreements with the Soviet Union which would eliminate the necessity for all forms of espionage, including overflights. I see no reason to use this incident to disrupt the conference.

"Should it prove impossible, because of the Soviet attitude, to come to grips here in Paris with this problem and the other vital issues threatening world peace, I am plan-

ning in the near future to submit to the United Nations a proposal for the creation of a United Nations aerial surveillance to detect preparations for attack. This plan I had intended to place before this conference. This surveillance system would operate in the territories of all nations prepared to accept such inspection. For its part, the United States is prepared not only to accept the United Nations aerial surveillance, but to do everything in its power to contribute to the rapid organization and successful operation of such international surveillance.

"We of the United States are here to consider in good faith the important problems before this conference. We are prepared either to carry this point no further, nor undertake bilateral conversations between the United States and the U.S.S.R. while the main conference proceeds."

My words were seconded and supported by my Western colleagues who also urge Mr. Khrushchev to pursue the path of reason and commonsense, and to forget propaganda. Such an attitude would have permitted the conference to proceed. Mr. Khrushchev was left in no doubt by me that this ultimatum would never be acceptable to the United States.

Mr. Khrushchev brushed aside all arguments of reason, and not only insisted upon this ultimatum, but also insisted that he was going to publish his statement in full at the time of his own choosing.

It was thus made apparent that he was determined to wreck the Paris conference.

In fact, the only conclusion that can be drawn from his behavior this morning was that he came all the way from Moscow to Paris with the sole intention of sabotaging this meeting on which so much of the hopes of the world have rested.

In spite of this serious and adverse development, I have no intention whatsoever to diminish my continuing efforts to promote progress toward a peace with justice. This applies to the remainder of my stay in Paris as well as thereafter.

ADJOURNMENT

Mr. MANSFIELD. Mr. President, if there is no further business to come before the Senate at this time, I move, pursuant to the order previously entered, that the Senate adjourn until 12 o'clock tomorrow.

The motion was agreed to; and (at 2 o'clock and 31 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Tuesday, May 17, 1960, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 16, 1960:

SUBVERSIVE ACTIVITIES CONTROL BOARD

Edward C. Sweeney, of Illinois, to be a member of the Subversive Activities Control Board for the remainder of the term expiring August 9, 1960, vice R. Lockwood Jones, resigned.

Edward C. Sweeney, of Illinois, to be a member of the Subversive Activities Control Board for a term of 5 years expiring August 9, 1965. (Reappointment.)

U.S. DISTRICT JUDGE

Roy L. Stephenson, of Iowa, to be U.S. district judge for the southern district of Iowa, vice Edwin R. Hicklin, retired.

INDIAN CLAIMS COMMISSION

Arthur V. Watkins, of Utah, to be Chief Commissioner of the Indians Claims Commission, vice Edgar E. Witt, resigned.

T. Harold Scott, of Colorado, to be an Associate Commissioner of the Indian Claims Commission, vice Arthur V. Watkins.

ATOMIC ENERGY COMMISSION

Loren Keith Olson, of Maryland, to be a member of the Atomic Energy Commission for the remainder of the term expiring June 30, 1962, vice John Forrest Floberg, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 16, 1960:

SECURITIES AND EXCHANGE COMMISSION

Harold C. Patterson, of Virginia, to be a member of the Securities and Exchange Commission for the term expiring June 5, 1965.

PUBLIC HOUSING COMMISSIONER

Bruce Savage, of Indiana, to be Public Housing Commissioner.

MISSISSIPPI RIVER COMMISSION

Maj. Gen. Thomas A. Lane, Corps of Engineers, to be a member and president of the Mississippi River Commission, under the provisions of section 2 of an act of Congress approved June 28, 1879 (21 Stat. 37) (33 U.S.C. 642).

CALIFORNIA DEBRIS COMMISSION

Col. John A. Morrison, Corps of Engineers, to be a member of the California Debris Commission, under the provisions of section 1 of the act of Congress approved March 1, 1893 (27 Stat. 507) (33 U.S.C. 661).

SUBVERSIVE ACTIVITIES CONTROL BOARD

Francis Adams Cherry, of Arkansas, to be a member of the Subversive Activities Control Board for a term of 5 years expiring March 4, 1965.

U.S. ATTORNEYS

Ralph Kennamer, of Alabama, to be U.S. attorney for the southern district of Alabama, term of 4 years.

William L. Longshore, of Alabama, to be U.S. attorney for the northern district of Alabama, term of 4 years.

Joseph S. Bambacus, of Virginia, to be U.S. attorney for the eastern district of Virginia, term of 4 years.

U.S. MARSHAL

Oliver H. Metcalf, of Pennsylvania, to be U.S. marshal for the middle district of Pennsylvania for the term of 4 years (now serving under an appointment which expired March 1, 1960).

FARM CREDIT ADMINISTRATION

Lester Clyde Carter, of Arkansas, to be a member of the Federal Farm Credit Board, Farm Credit Administration for a term expiring March 31, 1966.

Robert T. Lister, of Oregon, to be a member of the Federal Farm Credit Board, Farm Credit Administration, for a term expiring March 31, 1966.

NATIONAL SCIENCE FOUNDATION

Malcolm M. Willey, of Minnesota, to be a member of the National Science Board for the remainder of the term expiring May 10, 1964.

INDIAN CLAIMS COMMISSION

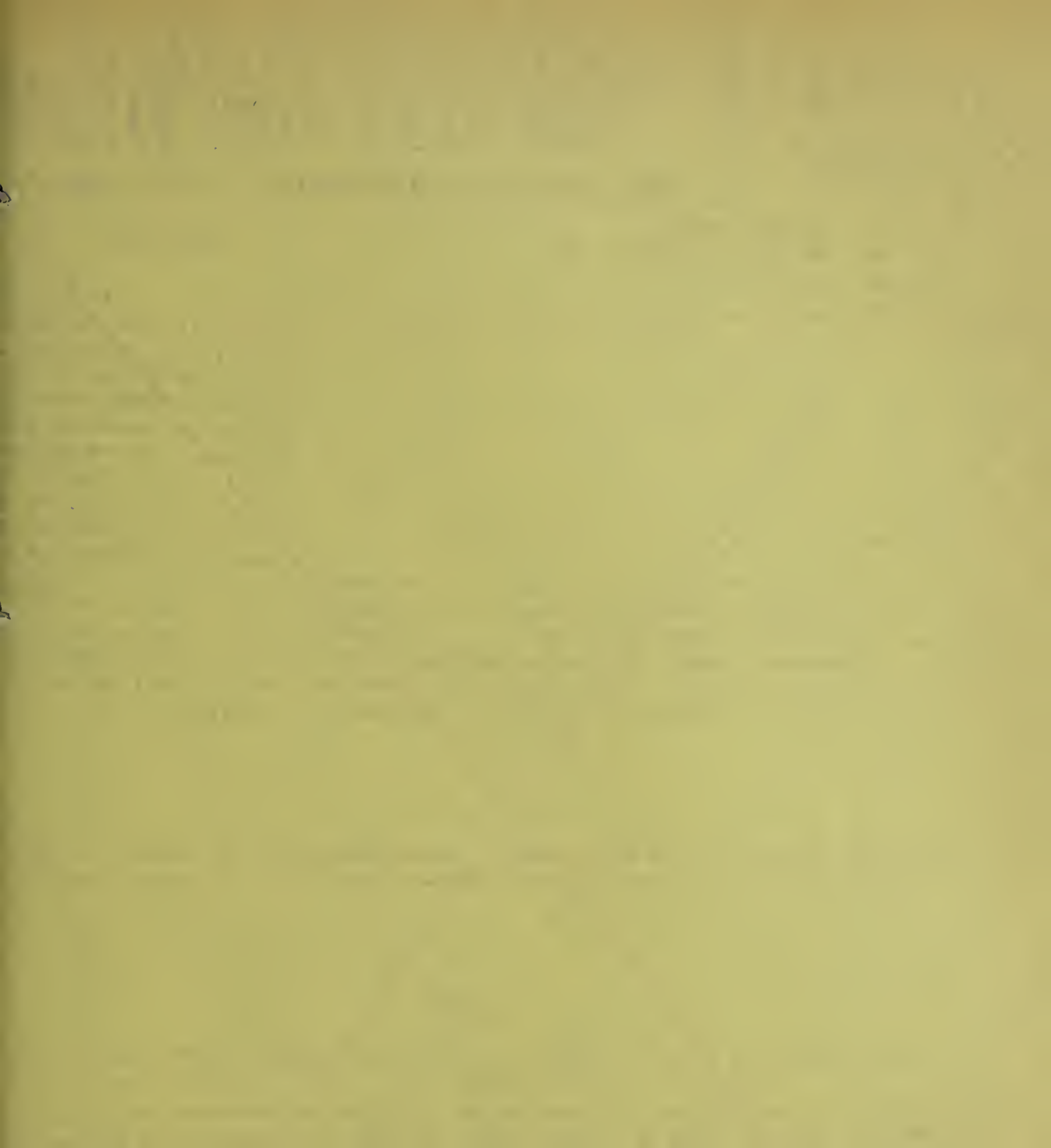
Arthur V. Watkins, of Utah, to be Chief Commissioner of the Indian Claims Commission.

IN THE U.S. COAST GUARD

The following-named persons to be appointed to the rank indicated in the U.S. Coast Guard:

To be commanders

Richard H. Puckett	Thomas F. Dunham,
Arthur C. Hoene, Jr.	Jr.
James W. Conway	James M. Winn
Arthur A. Atkinson,	Jr.



Digest of CONGRESSIONAL PROCEEDINGS

INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of May 24, 1960
86th-2d, No. 94

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HIGHLIGHTS: Senate passed agricultural appropriation bill. Senate sustained House bill of depressed areas bill. House debated public works appropriation bill.

SENATE

AGRICULTURAL APPROPRIATION BILL, 1961. By a vote of 74 to 1, passed with amendments this bill, H. R. 12117. pp. 10136-7, 10144-57, 10158-67

Agreed to an amendment by Sen. Kerr to increase the appropriation for Watershed Protection (small watershed program under Public Law 566) from \$32 million to \$37 million. This is an increase of \$10 million above the budget estimate of \$27 million, and an increase of \$5 million over the House bill and the Senate Committee recommendation. pp. 10147-49

Rejected the following amendments:

By Sen. Williams, Del., to strike out the authorization for the Federal Farm Mortgage Corporation to use available funds to liquidate its assets. pp. 10149-50

By Sen. Williams, Del., to reduce the authorization for the 1961 ACP program from \$250 million to \$100 million. pp. 10155-9

By Sen. Humphrey to increase the appropriation item, "Plant and animal disease and pest control," from \$52,236,000 to \$55,236,000. Sen. Humphrey explained that the amendment "would restore the brucellosis funds to the level of operations which we had in 1958." pp. 10159-61

By Sen. Humphrey to increase the appropriation for conservation operations of the Soil Conservation Service from \$83,132,000 to \$83,882,000. pp. 10161-3
By Sen. Humphrey to increase the appropriation for the school lunch program from \$110 million to \$135 million. pp. 10163-4
Senate conferees were appointed. p. 10167

2. DEPRESSED AREAS. By a vote of 45 yeas to 39 nays failed to override the President's veto of S. 722, the depressed areas bill (a two-thirds affirmative vote is necessary to override a Presidential veto). pp. 10104-34, 10137-8
3. MINERALS. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendment H. R. 10455, to revise and simplify several provisions of the Mineral Leasing Act of 1920. p. D455
4. LANDS; ARCHEOLOGICAL DATA. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendment S. 1185, to provide for the preservation of historical and archeological data on public and other lands which might otherwise be lost as a result of the construction of a dam. p. D455
5. WATER RESOURCES. Concurred in the House amendment to S. 1605, to grant the consent of Congress to Kan. and Nebr. to negotiate and enter into a compact relating to the apportionment of the waters of the Big Blue River and its tributaries as they affect these States. This bill will now be sent to the President. p. 10157
6. CASEIN IMPORTS. Senate conferees were appointed on H. R. 9862, to extend the suspension of the import duty on casein until June 30, 1963. House conferees have already been appointed. p. 10158
7. FOOD INSPECTION. Sen. Humphrey inserted a resolution urging adequate plant and animal disease inspectors in the Duluth-Superior area to avoid "loss of time for labor and delay of shipping operations." p. 10086
8. OLEOMARGARINE. At the request of Sen. Johnson, S. 2168, to amend the Navy ration statute so as to provide for the serving of oleomargarine, was made the unfinished business. p. 10167
9. LEGISLATIVE PROGRAM. Sen. Johnson announced that the Policy Committee would meet soon to consider scheduling debate on S. 2759, the wheat bill, and H. R. 7681, to transfer certain forest land authorities from Interior to this Department. He stated the Senate would not meet on Memorial ^{Day}, but would adjourn over from Fri., May 27 to Tues., May 31. p. 10100
10. PUBLIC WORKS APPROPRIATION BILL, 1961. HOUSE Began debate on this bill, H. R. 12326, but deferred a final vote on the bill until Wed., May 25. pp. 10177-202
11. FARM CREDIT. The Agriculture Committee reported with amendment H. R. 10310, to amend the Farm Credit Act of 1933 so as to provide for increased representation by regional banks for cooperatives on the Board of Directors of the Central Bank for Cooperatives (H. Rept. 1650). pp. 10220-1
12. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment S. 1892, to authorize the Secretary of the Interior to construct, operate, and maintain the Norman reclamation project, Oklahoma (H. Rept. 1644). p. 10220

vival or defeat hinging on the speed and acumen of the official reaction.

First, there are the ivory tower researchers of the old NACA now with NASA who had their hard-won reputation for scientific integrity shredded overnight by the exposure of their role as unwitting dupes of the Central Intelligence Agency. They saw no reason to sniff suspiciously at an offer of a free research program for high altitude weather and gust loading research from the military. This bailment of military aircraft to NACA was traditional, since NACA had no budget of its own for this purpose. NACA wrote the test program requirements, sporadically got back data from missions executed according to its specifications and apparently never did much analytical research into the geographic locations of the U-2s or the isolation of the agency from any contact with their personnel. NACA and later NASA, dutifully published three technical reports in 4 years on this work and worked happily in the traditional role of the piano player in a bagnio who was never told what was going on upstairs.

This coupling of CIA (which Washington wags are now saying stands for "caught in the act") with NASA in an international espionage venture will badly damage, if not altogether destroy, the fine foundation NASA was organizing for international cooperation in the scientific exploration of space. NASA can hardly blame foreign nations already solicited in this program for inquiring as to how much of a tracking station, launching site, or payload instrumentation is earmarked for CIA missions. Nor can they be blamed for politely declining to take a chance with an agency that apparently doesn't know all it should about its own activities.

This damage to NASA's scientific integrity may count for little in the calloused calculations of CIA supersleuths, but it will do irreparable harm in the international scientific community where this country has many of its staunchest friends.

Second is the spectacle of the State Department turning a complete slow-motion somersault from the flat lie that "there was no deliberate attempt to violate the Soviet airspace and there never has been," to a mousy admission that there might have been such flights but that they "were not authorized by Washington," to a final complete admission that the U-2 penetrations were in fact an integral part of U.S. national policy. What the State Department can command as a credibility factor in future roles as a U.S. spokesman will be interesting to see.

The official U.S. policy as finally stated by President Eisenhower some 10 days after Powers' U-2 hit the Siberian earth also carries some future forebodings.

It officially commits the United States to a continuous and deliberate policy of violating the Soviet airspace and formally makes espionage an integral part of U.S. policy. Although virtually every American citizen can see the need for continuous surveillance of the Soviet Union by whatever effective methods are available and will tacitly support these efforts, it is quite another matter to publicly announce that espionage and violation of another country's territory have become an official policy.

This policy, which is unprecedented in the history of nations, leaves our allies in an untenable position and forces the Soviets to carry this matter much further than they may have originally intended. It appears to be another one of those hasty, poorly thought out, improvised policies aimed at a quick fix with not much thought for future consequences or other implications.

Third, of course, comes the Central Intelligence Agency, in this incident stripped of all its protective secrecy, and standing nakedly exposed in an incredibly amateurish performance compounded from inadequate training,

faulty execution and rather transparent cover operations. Apparently, all that was adequately provided in this operation was the \$30,000-a-year salaries for the pilots. Whatever reasons impelled Francis Powers to decline to carry out the traditional self-destruction orders of the espionage agent apprehended redhanded by the enemy may never be known. Suffice to say his embarrassing survival was not in the best tradition of either USAF, the agency that originally trained him, or CIA, the agency that hired him without training him properly in its specialized requirements.

The need for a congressional or some other "watchdog" operation over CIA was never more apparent.

Finally the most important aspect of the U-2 episode is the illumination it must shed for most Americans on the simple salient fact that we are in fact fighting a war against the forces of communism. It is a far different war than we have ever fought before and it is being fought with weapons that we are not accustomed to using. The bungling, naivete and innocence our various Government agencies have displayed in the U-2 episode show clearly that we are not yet organized for this type of conflict nor do we yet really understand its scope and strategy.

Although too few Americans realize it, we are already deep into this struggle to determine whether the Soviet system or our own will prevail. If we hope to preserve the basic elements of this civilization we cherish, we must dedicate ourselves more thoroughly to this task and organize our national resources and policies more effectively to achieve this goal.

[From Aviation Week, May 23, 1960]

FALLOUT FROM THE U-2

(By Robert Hotz)

Last week we warned that the extraordinary statements of Secretary of State Herter and President Eisenhower making aerial espionage and violation of foreign airspace with the Lockheed U-2 an official U.S. policy would produce serious repercussions in the future. The presses printing these words had hardly stopped rolling when the first diplomatic fallout from these incredible statements began raining down. At this writing it is still continuing with no prospect of early abatement.

One of the extremely harmful effects of these statements has been the embarrassing position in which we have placed our allies on the edge of the Iron Curtain. By those statements this country formally implicated them in an official espionage effort against the Soviet Union and provided the Communists with more potent ammunition against the NATO countries than they themselves have been able to generate in a decade. The gravity of this allied position is indicated in the formal diplomatic protests already lodged with the United States by Norway and Pakistan and the cannonade of Soviet threats to rocket-blast these allied bases if any further U-2 operations are conducted from them. Denmark finds it necessary to make an official statement barring its airfields for unauthorized flights over countries not members of NATO. It is hard for people in this country to realize the courage required by our allies on the edge of the Iron Curtain to stand fast behind our cause in the face of the constantly growing Soviet military threat, economic and cultural exploitation and diplomatic pressure. Norway and Denmark by their very presence in the NATO organization provide proof positive of the free world's determination to resist Soviet aggression. Both these countries saw their neutrality shattered by Nazi Germany in World War II, lived under a despot's occupation and resisted it with every means at their disposal. They have learned that there can be no compromise with brutal aggression no matter what political label it bears. Norway has a

common frontier with the U.S.S.R. Denmark sits on the shores of the Baltic, now practically a Communist lake, and is flanked by Communist Germany to the landward. Both have stood firm in the face of earlier Soviet bluster against their NATO role.

Both of these countries have made vital contributions not only to NATO's strength but to the over-all U.S. military position in the Western World. Norway's underground airfields carved from its rocky northern coast are practically impervious to destruction even by nuclear weapons. The giant radar on the North Cape looks down into the beehive of Soviet air activity on the Kola Peninsula and covers an Arctic flank. The Danish radar on Bornholm Island in the Baltic does a similar job on the Communist periphery from Lithuania to East Germany. The use of key air bases in Greenland along with the BMEWS site is another vital Danish contribution. Both Norway and Denmark maintain small but modern jet and missile forces at considerable expense to their modest national economies to back their determination to remain free and fly their own flags.

Now we have rewarded this loyalty and courage by ineptly pulling the rug from under their exposed position and providing the Soviets with the only valid evidence for diplomatic protest in a decade of searching. Turkey, which has a historic antipathy to the surge of Russian imperialism toward warm water and has never lacked the courage to fight invaders when they threaten, has made similarly important contributions to NATO and is now left in a similarly embarrassing position.

The next chapter in this unnecessary humiliation of ourselves and our allies will be staged in the great world sounding board of the United Nations. It is difficult to see at this time how a successful public defense can be made for our right to unilaterally penetrate other nations' airspace for the purposes of espionage. No matter how anybody feels privately about this matter it will be difficult, if not impossible, for any nation to formally support such a position in an international forum.

But even worse than the position in which some of our firm allies find themselves because of our handling of the U-2 situation is the casual and thoughtless manner in which our top official spokesmen pulled the rug from under their carefully constructed and stoutly defended international position in relation to the Soviet Union. We cannot hope to retain the leadership of the free world unless we exercise it with considerably more intelligence, skill and effectiveness than has been displayed in the U-2 incident.

The belated announcement by President Eisenhower that he had suspended U-2 flights for the duration of his administration came too late to do much good at the summit and if continued will leave this country in a position of losing its sharpest eyes inside the Soviet Union at a time when we need them most. For there is little doubt that the temperature of the cold war is rising. And the knowledge that no prying U-2 cameras will be roaming the Soviet airspace certainly makes the prospect for surprise military action more tempting than ever to Soviet leaders.

As predicted, President Eisenhower's assumption of responsibility for the U-2 flights closed the door on the exit provided for him in Khrushchev's original discussion of the incident and left the Soviet leader no further room for maneuver. It obviously stirred him to magnify the U-2 episode into a far larger issue than originally intended, if only to pacify a rising tide of domestic criticism.

Collapse of the summit was based on unresolved issues far deeper than the U-2 flights although the official U.S. handling of this episode provided Khrushchev with an unusually convenient escape hatch and an unusually fine opportunity to bellow equally

well for both international and Russian consumption.

Perhaps the real value to this country of the sorry summit spectacle is that the artificial mask of friendliness slipped from Soviet leadership, revealing its true nature and the fact that its goals have not changed one iota since the days of Stalin's cold war. Mr. Khrushchev's brutal threat to the West of "peaceful coexistence or war" and his post-summit behavior should make it abundantly clear that by peaceful coexistence the Soviet leadership means peace on their terms with the naked threat of war to force compliance.

The spectacle of the summit should convince the American people that the basic problem of opposing Soviet imperialism has not changed one whit during the recent "palsy-walsy" era when this country's official policy was to pursue peace without defining the price we were being asked to pay.

It is worthwhile now to recall that there are many American leaders who warned against altering U.S. policy on the basis of this false front of Soviet smiles and who stoutly maintained that our best position for any negotiations would be a position of unchallenged military strength. In the historic light of the summit collapse and the policies that "summitry" stood for, the American people must think seriously on which type of leadership they should look to for future guidance.

The PRESIDING OFFICER (Mr. Young of Ohio in the chair). Is there further morning business? If not, morning business is concluded.

Without objection, the Chair lays before the Senate the unfinished business.

AGRICULTURAL AND FARM CREDIT ADMINISTRATION APPROPRIATIONS, 1961

The Senate resumed the consideration of the bill (H.R. 12117) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1961, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AUTHORIZATION ACT, FISCAL YEAR 1961—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10809) to authorize appropriations to the National Aeronautics and Space Administration for salaries and expenses, research and development, construction and equipment, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of May 19, 1960, p. 9933, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. DIRKSEN. Mr. President, I understand that this is a unanimous report.

Mr. JOHNSON of Texas. The Senator is correct.

Mr. President, there were only two amendments in controversy, involving certain positions of the Senate, with respect to which, after conferring with the chairman of the Senate Committee on Post Office and Civil Service, the Senate conferees agreed to the House position, with the understanding that that met with the approval of the distinguished chairman of the Post Office and Civil Service Committee.

The other position of the Senate was that \$55 million should be added to the amount of money requested by the President, for two purposes: First, primarily to take care of any increase in cost that had developed since the President's budget estimate was submitted; second, to take care of any breakthroughs that had not been anticipated, or any developments that were not known at the time the budget was submitted.

It must be borne in mind that this is merely an authorization. The conferees unanimously agreed to the position of the Senate that the \$915 million should be increased by an additional \$55 million authorization. So in the event that, either by reason of cost increases or breakthroughs, a larger amount should be needed, the administration would not find it necessary to ask for an additional authorization, but could submit a request for a supplemental appropriation.

I believe that both of these positions are in the national interest. They are unanimously agreed to by Mr. OVERTON BROOKS, Mr. JOHN McCORMACK, Mr. GEORGE MILLER, Mr. OLIN TEAGUE, Mr. JOSEPH MARTIN, JR., Mr. JAMES FULTON, and Mr. GORDON McDONOUGH, on the part of the House, and the Senator from Texas [Mr. JOHNSON], the Senator from Mississippi [Mr. STENNIS], the Senator from Ohio [Mr. YOUNG], the Senator from Connecticut [Mr. DODD], the Senator from Nevada [Mr. CANNON], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Maine [Mrs. SMITH], and the Senator from Iowa [Mr. MARTIN], on behalf of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE AREA REDEVELOPMENT ACT

The PRESIDING OFFICER. The hour of 11 o'clock has arrived; and, under the order entered on yesterday, the Chair lays before the Senate the enrolled bill, S. 722, the Area Redevelopment Act, returned to the Senate by the President without his approval.

The question is, Shall the bill pass, the objections of the President to the contrary notwithstanding?

Debate for 3 hours, to be equally divided, is permitted under the order entered on yesterday.

Mr. DOUGLAS. I yield myself such time as I may require.

THE SIGNIFICANCE OF THE VETO

Mr. President, for the second time in two successive Congresses—namely, the 85th and the 86th—the administration has dealt a cruel blow to the people in the labor-surplus areas of high unemployment in our country and in the low-income rural areas of underemployment.

For the second time, these people in industrial areas of high and persistent unemployment, spread throughout 28 of our States, and representing a labor force of approximately 1¼ million people, together with millions more in 500 struggling rural counties in 20 different States, have been led down the path of hope, lured by administration promises and expressions of interest in their problems, further encouraged by widespread congressional interest and positive legislative action, only to be finally rudely awakened in the most irresponsible manner by another shocking Presidential veto of the area development bill.

Senate bill 722 can, if passed over the President's veto, provide an effective approach to the solution of the economic problems of areas of chronic unemployment and underemployment in the midst of generally prosperous business activity in the United States. These areas, in the opinion of a majority of Congress, are entitled to a domestic point 4 program. The President has asked us for—and, indeed, has demanded from us—appropriations for all types of economic assistance abroad; yet he will not countenance a small—but effective—fraction of such aid for our own people here at home.

I repeat, this veto was a cruel blow to an important part of our society, men and women who want nothing more than a chance to help themselves and their communities by sound economic development, under private enterprise, of the areas in which they live.

This legislation is one of the most important domestic issues facing both Congress and the country. It will be a gage of the promises and performance of both political parties. It tests not only our concern for pressing human needs, but also our capacity to utilize the great idle resources of manpower, and thus add to the Nation's goods and services and productive facilities.

Sometimes we forget that perhaps the greatest waste in our society is the waste of human labor, of laborers who want to work, and are competent to work, but who cannot find employment. If means

are found, through private enterprise, but with Government loans to provide these men with capital and industries to give them employment, this will add greatly to the productive wealth of the Nation, and can do so without inflation, because there will be increased production to match the increased investment in plants and equipment.

The vote which very shortly will be taken in the Senate will be an acid test of political responsibility.

Senate bill 722 and its predecessors have been before us since 1956, the first year in which an area redevelopment bill was presented to Congress. Since 1956, Congress has twice answered this challenge by passing constructive measures, only to be met, first, by the pocket veto, in 1958, of Senate bill 3683, and now by the present veto of Senate bill 722. Unless there is repentance by a sufficient number of the administration's supporters to override this veto, I believe this whole history will conclusively demonstrate the need for action at the polls in November. If my memory serves me correctly, the 1958 elections have already revealed the views of many people on this matter. The veto, the present debate, and the ensuing vote of this body will be important, and in some cases decisive, factors in the choices which the voters will make in November. This may be an issue which ultimately will be determined at the grassroots and the closed factory gates of our country if we have not the wisdom and the will to decide it here.

HISTORY OF CONGRESSIONAL ACTION AND OF PARTY LINEUPS

In order that the responsibility for what is done may be clear, let me briefly recount the history of Congress' action on this problem.

In the spring of 1955, I introduced the first comprehensive bill on this subject, and in 1956 it passed the Senate with a 2-to-1 majority. It was killed in the House, however, during the last days of the session. It was killed because of the efforts of the Secretary of Commerce, Mr. Weeks, and the Republican Members of the House and the Republican administration. This was hard to understand, for the President from the summer White House in Denver had called for a "bold" program to help chronically depressed areas and for congressional action. At the end of the session, during a press conference, the President was asked why his Secretary of Commerce had been opposed to the bill. The President said that he was not aware of that fact, and that he was sorry. That was in 1956.

The unsympathetic attitude of the administration toward this legislation, however, was further demonstrated at this time during the House consideration of the measure. I am advised that a last desperate effort to secure action was made by the House leaders working for the bill, who got in touch with the then Assistant Secretary of Commerce, Frederick H. Mueller—now the Secretary of Commerce—and made an offer even to accept the watered down administration bill in order to have some basic legislation. It was late in the session. Ad-

journalment was imminent. The messengers reported that Assistant Secretary Mueller requested 24 hours to consider the offer. And what did he do? I am informed that he advised the House leaders that the administration did not want any bill—not even the one which ostensibly was its own.

In the meantime, the President in each of his economic messages to Congress in the 3 years 1956, 1957, and 1958 called for legislation to help solve this problem. And recently he referred to this Congress as a "do nothing Congress." These are reasons why it is so difficult to understand how and why he again vetoed this year's bill.

In 1958, the area redevelopment bill, which I had introduced—of which we made Senator PAYNE, of Maine, a co-author—again passed the Senate. The vote was 46 to 36. Of the votes in favor of the bill, 29 came from Democrats—71 percent of the Democrats who voted, and 17 votes from Republicans—41 percent of those voting. Of those who opposed the bill, there were 12 Democrats—or 29 percent—and 24 Republicans—or 59 percent.

Although there was no yea-and-nay vote on the question of final passage in the House, the key vote was on the motion to recommit the bill. That motion, if adopted would have killed the bill. But the motion to kill the bill was defeated by a vote of 188 to 170. The party breakdown of the vote was as follows:

Motion to recommit (kill) the Douglas bill, 1958

Opposed to killing the bill, 188:	
Democrats (72 percent)-----	139
Republicans (30 percent)-----	49
For killing the bill, 170:	
Democrats (28 percent)-----	54
Republicans (70 percent)-----	116

In other words, the Democratic Senators voted 2½ to 1 for the bill; the Republican Senators voted 2⅓ to 1 against the bill. That was the bill which was given a pocket veto by the President.

On January 27, 1959, I introduced another area redevelopment bill (S. 722), with 38 cosponsors, from both sides of the aisle; and we made the Senator from Kentucky [Mr. COOPER] and the Senator from Maryland [Mr. BEALL], the joint authors of the bill, in an effort to get bipartisan cooperation. It is this third bill, with House amendments, which most recently was passed by the Congress, and which the President has vetoed, and which is before this body today.

After further lengthy hearings and full debate, the vote on S. 722 was as follows: The Senate first passed the bill by a margin of 49 to 46. On that yea-and-nay vote, 45 Democratic Senators and only 4 Republican Senators voted "yea," although we had made every effort to obtain Republican cooperation; and 30 Republicans and 16 Democrats voted against it.

In other words, we Democrats voted approximately 3 to 1 for the bill, and the Republicans voted 7½ to 1 against the bill.

Subsequently, the House passed the amended bill by a vote of 202 to 184. Those voting for the bill consisted of

179 Democrats, joined by 23 Republicans, while 115 Republicans and 69 Democrats opposed the measure.

The Democrats on the House side voted almost 3 to 1 for the bill. The Republicans on the House side voted precisely 5 to 1 against it.

On the final vote in the Senate a short time ago to accept the House-passed bill, which was 45 to 32, 40 Democrats and only 5 Republicans supported the bill, while 21 Republicans and 11 Democrats voted against the bill.

In other words, the Democrats voted approximately 4 to 1 for it; the Republicans voted approximately 4 to 1 against it.

The record of the votes in Congress on an effective area redevelopment bill thus makes it clear, by the action of the President, and by the actions of the Republicans, that this has become a party issue, despite all the efforts which we have made to make it a nonpartisan issue. It has become a party issue not by our actions but by those of the Republican Party.

The repeated acts of the President in using his veto power to deny to Congress the type of legislation which a majority believe should be enacted, range the Republican Party leadership clearly on the side of opposition to any effective measure to deal with this problem. If they wish to redeem themselves on this issue, there is still time for them to vote to override. They have one more chance to take this out of political controversy.

A final opportunity is now presented to this body to demonstrate to the Nation that the legislative branch of the Government accepts its responsibility to study and pass legislation according to its wisdom and the dictates of its conscience, and that, notwithstanding the unwillingness of the executive branch to permit this legislation to be enacted with its approval, and, indeed, notwithstanding the determination of the executive branch to prevent this legislation by its veto, the Congress can nevertheless overcome these obstructions by voting to override that veto by a two-thirds vote.

I plead for the cooperation of the gentlemen on the other side of the aisle, and those on this side of the aisle who in the past have opposed this measure, to join with us in asserting the independence of the legislative branch of the Government in helping to promote the welfare of the people of the United States. There is a chance for redemption at the last minute for all of these men, and those who enter into the gate at the last hour will be as welcome as those who have borne the heat and the burden of the day during the long, hard struggle.

Mr. President, I ask unanimous consent that an analysis which I have made of Senate bill 722 be inserted in the RECORD at this point in my remarks.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

ANALYSIS OF S. 722, A CONSTRUCTIVE PROGRAM

The program set forth in S. 722 will go a long way toward effecting a permanent solution to the national problem of chronic unemployment and underemployment. It establishes a program which will put wasted manpower and undeveloped resources to work

not only to meet the pressing immediate needs of our unemployed, but also as an aid to developing an expanding economy.

WHAT THE BILL DOES

Section 1. The short title of the act is the Area Economic Redevelopment Act.

Section 2. Finding of facts: The purpose of the act is to help areas needing redevelopment to expand their economic activities so as to alleviate substantial unemployment and underemployment that prevails within such areas. This would be accomplished by assisting communities, industries, enterprises, and individuals in providing new employment opportunities and by expanding existing facilities and resources without reducing employment in other areas of the United States.

Section 3. Area Redevelopment Administration: An Area Redevelopment Administration would be established under the direction and control of an Administrator who is to be appointed by the President with the advice and consent of the Senate. The salary of the Administrator is to be \$20,000 a year.

Section 4. Advisory Committees: The bill provides for the establishment of two advisory committees. Subsection (a) creates a Government Advisory Committee on Area Redevelopment. In addition to the Administrator, 11 heads of Federal departments or Federal independent agencies are designated as members of this committee. The committee is required to meet twice annually and is to make recommendations to the Administrator with regard to carrying out his duties.

Subsection (b) creates a National Public Advisory Committee to be appointed by the Administrator to consist of 12 members representing labor, management, agriculture, and the public in general. This committee is to make recommendations to the Administrator in carrying out his duties.

Subsection (c) authorizes the Administrator to call ad hoc industry committees representing the parties in interest when employment has dropped substantially over a number of years in such industry resulting in high levels of unemployment in various areas designated by the Administrator as redevelopment areas. The industry committees are to recommend plans and programs to the Administrator with reference to such industry.

Section 5. Redevelopment areas: The bill recognizes two types of redevelopment areas—industrial and rural—which are eligible to receive Federal assistance under this bill.

Under subsection (a) an area may be designated an industrial redevelopment area in either of the following two ways: (1) the Administrator may, at his discretion, determine that a given area has been subject to substantial and persistent unemployment for an extended period of time and designate the area an industrial redevelopment area; or (2) an industrial area must be classified an industrial redevelopment area if it meets any one of the following four tests and has 6 percent unemployment at time of application: (a) not less than 12 percent of the total labor force in the area has been unemployed for a period of 12 months immediately preceding the date on which an application for assistance is made; (b) not less than 9 percent of the labor force in the area has been unemployed for a period of 15 months out of the last 18 months prior to such date; or (c) not less than 6 percent of the labor force was unemployed during at least 18 months in the 2 years immediately preceding such date; or (d) not less than 15 percent of the labor force in the area has been unemployed for a period of 6 months immediately preceding such date.

Subsection (b) sets forth the criteria for designating a rural area as a rural redevelopment

area. The Administrator is directed to designate as rural redevelopment areas those rural areas in which he determines that there exists the largest number and percentage of low-income farm families and a condition of substantial and persistent underemployment. In making these designations, the Administrator is required to consider, among other relevant factors, the number of low-income farm families in the various rural areas in the United States, the proportion such low-income families are to the total farm families of each of such areas, the relationship of the income levels of farm families of each such area to the general levels of income in the same area, the current and prospective employment opportunities in each such area, and the availability of farm manpower in each such area for supplemental employment. The Administrator shall designate the 500 counties in the United States ranked lowest in level of living of farm-operator families, or which have the highest percentage of commercial farms producing less than \$2,500 worth of products for sale annually.

Subsection (c) provides that in making determinations concerning redevelopment areas, the Administrator is to be guided—but not conclusively governed—by the available information published by the various Federal agencies, State and local governments, universities and private organizations.

The Administrator may also request from the Secretary of Labor, the Secretary of Agriculture, and the Director of the Bureau of the Census special studies and such information and data as he deems necessary to enable him to make the determinations provided for in this section. The Administrator is required to reimburse these agencies for expenditures which they incur in connection with filling his requests.

Subsection (e) defines the term "redevelopment area" to mean any area within the United States which has been designated by the Administrator as an industrial redevelopment or a rural redevelopment area.

Section 6. Loans for industrial and rural projects: Section 6 of the bill provides two \$75 million revolving funds, one for industrial projects in industrial redevelopment areas, the other for rural redevelopment areas. These revolving funds for loans were provided because witness after witness testified that in these urban and rural areas where unemployment and underemployment have been substantial and persistent, the communities own resources are not sufficient to make it possible for industrial development to proceed. These loans are intended to help provide for plant, equipment and machinery, but not for working capital or the purchase of raw material and payment of labor. These loans are to be for no longer than 30 years. Government participation is never to exceed 65 percent but may be less. Local and State authorities must put up at least 10 percent and at least 5 percent must be from non-government sources.

Section 6 expressly provides that loans made under it for industrial projects must not be granted to assist establishments relocating from one area to another when such assistance will result in an increase in unemployment in the area of original location. This provision reflects the declaration of purpose of the act, to create new employment opportunities by developing and expanding facilities and resources without substantially reducing employment in other areas of the United States.

Sec. 7. Loans for public facilities: The bill provides a revolving fund of \$50 million for loans to States, Indian tribes, or organizations representing redevelopment areas to help in financing the purchase of development of land for public facility usage, and construction or alteration of public facilities, if the project will tend to improve the opportunities in the area for the establishment

or expansion of industrial or commercial plants or facilities. These loans may run for a period up to 40 years.

A depressed area may have many of the assets sought by industry—buildings, labor, community facilities and the like—but it may lack one public facility without which all the others are useless, for example, adequate water for industrial use, adequate sewage facilities, or access to a navigable river or a railroad.

Interest rates: The bill authorizes appropriations of \$251 million for the program. The Administrator is to pay interest on these loans at a rate determined by the Secretary of Treasury, but such rate shall not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations.

Loans made to industrial projects must pay interest to the administrator at this same rate plus one-half of 1 percent. Of this, one-quarter of 1 percent is allocated to a sinking fund for payment of losses.

The interest rate in the case of public facility loans is a rate determined by the Secretary of the Treasury, but which shall be not greater than the average annual interest rate on all interest-bearing obligations of the United States than forming a part of the public debt as computed at the end of the fiscal year next preceding the year in which the loan is made and adjusted to the nearest one-eighth of 1 percent, plus one-quarter of 1 percent per annum.

Section 8. Grants for public facilities: The bill authorizes appropriations of \$35 million for grants to States or their subdivisions, Indian tribes, or public or private organizations representing redevelopment areas for land acquisition or development for public facilities usage, or construction or alteration of public facilities in the area, if the project will improve the opportunities in the area for the establishment or expansion of industrial or commercial plants or facilities. Financial participation by the applicant is required to the extent financial ability will permit.

Some redevelopment areas have inadequate economic resources, either because of chronic unemployment or underemployment or a generally low level of economic development, to borrow money to develop public facilities which would make the areas attractive to new industry. For this reason, the bill provides for grants to improve public facilities in these localities.

Sections 9 and 10. Information and technical assistance: The Administrator is directed to provide assistance, technical information, market research, and other forms of advice available from the Federal Government which would be useful in alleviating unemployment and underemployment in the areas. In addition, the Administrator is authorized to provide technical assistance to the areas including studies evaluating the needs of and developing potentials for economic growth for such areas. This may be done either through the Administrator's staff or by employing individuals, firms, or institutions. Appropriations up to \$4.5 million annually are authorized for this program.

Section 11. Powers of Administrator: Usual corporate powers.

Section 12. Termination of eligibility: When unemployment ceases to meet the criteria set forth, the area is no longer eligible. Contracts, however, continue in force.

Sections 13 and 14. Urban renewal: The bill makes available to economically depressed areas the benefits of the Federal urban renewal program. Under this section, urban renewal assistance may be provided to a municipality designated as "an industrial redevelopment area" if there is a reasonable probability that with such assistance the area will be able to achieve more

than a temporary improvement in its economic development. Such an area need not comply with the predominantly residential test and thus areas which are predominantly commercial or industrial and which will be redeveloped as commercial or industrial areas are eligible.

Sections 15 and 16. Vocational training and subsistence retraining payments: The bill provides that the Secretary of Labor shall determine the needs of the area for vocational training to meet the employment opportunities created by the bill and shall cooperate with the Secretary of Health, Education, and Welfare and existing State and local agencies to make these services available to the area. Authorization for an appropriation of \$1.5 million annually is provided for vocational training.

In order to enable unemployed persons to get the benefits of this training, the bill also provides that the Secretary of Labor may make weekly retraining payments through State agencies to unemployed persons in the redevelopment areas of 13 weeks at the average weekly unemployment compensation rate in that State, but limited to those not receiving unemployment compensation. A ceiling of \$10 million is placed upon this program.

THE ESSENCE OF S. 722

Mr. DOUGLAS. Mr. President, I may say that fundamentally what this bill aims to do is to provide loans at low rates of interest to help establish new industries in areas of high and persistent unemployment; to require local participation; to require participation by private parties, but to provide seed capital to help put the unemployed to work turning out goods which are needed by society under the private enterprise system. This would take men and women off relief, and help to prevent the progressive drying up of afflicted communities, and, in general, to raise the national product.

As I have again and again pointed out, this method is used by the Tory Government of Great Britain and by the conservative government of West Germany, and yet it is regarded as too radical by the Republican administration of this country.

This problem is far more serious than the administration believes. I have had a map of the United States pre-

pared, which is in the back part of this Chamber. The areas designated with the red pins represent both the larger and smaller labor market surplus areas of the United States, those that would meet the qualifications laid down in Senate bill 722.

There are 40 of these major, large labor market areas, and 122 of the smaller.

We have just received word from the Department of Labor that there are approximately 1,770,000 unemployed people in those regions, or, on an average, 8.4 percent of the labor force of this area.

In some of these areas, unemployment is vastly greater than the average of 8 percent. In West Virginia there are areas where unemployment runs from 11 percent to 25 percent.

In my own State of Illinois, in the southern portion of the State, which was primarily a coal-mining area, there is unemployment in some areas of 12, 15, and 18 percent.

There is high unemployment in the textile centers of New England, New York, and Pennsylvania.

This is a problem which, as the map shows, and as the table shows, is not sectional. It applies all over the country, although, so far as unemployment is concerned, it is primarily confined to regions where formerly textiles were manufactured, coal-mining regions, areas where timber has been cut over or natural resources have given out.

The colored areas on the map represent the rural low-income areas of the United States. It will be seen that they exist primarily in the South and Southeast. The degree of severity of the rural low-income situation is shown by the colors, the areas with the most depressed rural income being shown in red, the next most depressed in blue, and those depressed, but not as badly as the others, in yellow.

Very frankly, I cannot understand why so many Senators and Representatives from those areas, which would benefit perhaps more than any others from starting new industry to help the low-income families who live there, seem to be opposed to this bill.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am happy to yield.

Mr. RANDOLPH. I would not want to break the continuity of the presentation of the distinguished Senator from Illinois, except to say that when he asks the question and answers it, that indicates, of course, as one looks at this map, that the reasons are overriding for assistance in area redevelopment legislation.

I desire to supplement the discussion on the current legislative situation by indicating that if we have an economic erosion in any area of the United States, it quite likely will become an erosion to the neighboring sections. So the damage does not stop at a line.

Mr. DOUGLAS. The Senator is correct.

Mr. RANDOLPH. It flows over in its tragic implications to affect people of other sections. Certainly, when there is an economic erosion there comes a lessening of the strength of the people—of all the people, not simply a few of the people—to help themselves.

All we are requesting in the proposed legislation is a strengthening of the total economy. We do not seek handouts from the Federal Government. We seek legitimate and, as provided in the pending bill, moderate assistance to States, to areas within States, and to people who find themselves unemployed throughout these chronically depressed areas of the Nation.

Mr. DOUGLAS. I thank my good friend from West Virginia, who has been a stalwart supporter of this proposal.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table prepared by the Department of labor, which sets forth the history of the designation of these areas as labor surplus areas, and a list of counties which would be designated as rural redevelopment areas.

There being no objection, the table and list were ordered to be printed in the RECORD, as follows:

Initial dates of labor surplus area classification and subsequent classification experience,¹ July 1951 to present—Urban areas that may qualify for Federal assistance under various legislative proposals²

MAJOR AREAS⁴

Area redevelopment bill (S. 722 as passed by Congress) (40 major areas)	Douglas bill (S. 722 as originally passed by the Senate) (17 major areas)	Dates of labor surplus classification	Unemployment	
			Date	Rate ³
Connecticut:				
Bridgeport.....		January 1958 to November 1959.....	March 1960.....	6.6
New Britain.....		March 1958 to November 1959.....	do.....	6.4
Indiana:				
Evansville.....	Evansville.....	May 1954 to January 1956 to May 1955 and present.....	do.....	8.7
Terre Haute.....	Terre Haute.....	July 1951 to present.....	do.....	8.8
Kentucky: Louisville.....		January 1958 to November 1959.....	do.....	7.5
Maine: Portland.....		March 1955 to July 1955 and March 1958 to July 1959.....	do.....	8.2
Massachusetts:				
Brockton.....		July 1951 to November 1952, March 1958 to September 1959, and November 1959 to present.....	do.....	8.4
Fall River.....	Fall River.....	November 1951 to May 1953, May 1954 to November 1955, and January 1957 to present.....	do.....	9.9
Lawrence.....	Lawrence.....	July 1951 to present.....	do.....	6.7
Lowell.....	Lowell.....	July 1951 to present.....	do.....	9.8
New Bedford.....	New Bedford.....	March 1952 to March 1953, January 1954 to November 1955, January 1958 to present.....	do.....	9.4
Springfield-Holyoke.....		March 1958 to present.....	do.....	7.4
Worcester.....		March 1958 to September 1959.....	do.....	6.4
Michigan:				
Detroit.....	Detroit.....	January 1952 to May 1952, February 1954 to January 1955, May 1956 to January 1957, and July 1957 to present.....	do.....	7.2
Flint.....		January 1952 to May 1952, May 1956 to November 1956, May 1957 to November 1957, and March 1958 to January 1960.....	do.....	6.2

Footnotes at end of tables.

Initial dates of labor surplus area classification and subsequent classification experience,¹ July 1951 to present—Urban areas that may qualify for Federal assistance under various legislative proposals²—Continued

MAJOR AREAS⁴

Area redevelopment bill (S. 722 as passed by Congress) (40 major areas)	Douglas bill (S. 722 as originally passed by the Senate) (17 major areas)	Dates of labor surplus classification	Unemployment	
			Date	Rate ³
Minnesota: Duluth-Superior.....		March 1954 to July 1956, March 1958 to present.....	March 1960.....	11.0
New Jersey:				
Atlantic City.....	Atlantic City.....	November 1951 to present.....	do.....	15.3
Newark.....		January 1958 to September 1959.....	do.....	6.2
Paterson.....		March 1954 to September 1955 and January 1958 to September 1959.....	do.....	7.2
Trenton.....		January 1958 to September 1959.....	do.....	6.9
New York:				
Albany-Schenectady-Troy.....		May 1954 to July 1955, May 1958 to November 1959, and March 1960 to present.....	do.....	8.2
Buffalo.....		May 1954 to May 1955, March 1958 to present.....	do.....	8.7
Utica-Rome.....		March 1952 to May 1953, May 1954 to November 1955, and January 1958 to present.....	do.....	9.5
North Carolina: Durham.....		May 1952 to present.....	do.....	7.1
Pennsylvania:				
Altoona.....	Altoona.....	July 1951 to present.....	do.....	8.8
Erie.....	Erie.....	May 1954 to July 1956 and July 1957 to present.....	do.....	10.1
Johnstown.....	Johnstown.....	May 1953 to present.....	do.....	10.6
Philadelphia.....		May 1954 to November 1955 and January 1958 to September 1959.....	do.....	6.6
Pittsburgh.....		May 1954 to November 1955 and January 1959 to present.....	do.....	8.0
Scranton.....	Scranton.....	July 1951 to present.....	do.....	13.3
Wilkes-Barre-Hazleton.....	Wilkes-Barre-Hazleton.....	do.....	do.....	14.6
York.....		March 1958 to September 1959.....	do.....	6.5
Rhode Island: Providence.....	Providence.....	July 1951 to present.....	do.....	8.4
Tennessee: Chattanooga.....		March 1954 to November 1955 and March 1958 to present.....	do.....	7.1
Texas:				
Beaumont-Port Arthur.....		July 1951 to March 1952 and March 1958 to present.....	do.....	9.1
Corpus Christi.....		March 1958 to September 1959.....	do.....	7.9
Virginia: Roanoke.....		May 1958 to present.....	do.....	7.7
West Virginia:				
Charleston.....	Charleston.....	March 1954 to present.....	do.....	8.7
Huntington-Ashland.....	Huntington-Ashland.....	March 1954 to September 1955 and January 1958 and present.....	do.....	13.0
Wheeling.....	Wheeling.....	March 1954 to July 1955 and January 1958 to present.....	do.....	13.7

SMALLER AREAS⁵

Area redevelopment bill (S. 722 as passed by Congress) (102 smaller areas)	Douglas bill (S. 722 as originally passed by the Senate) (53 smaller areas)	Dates of labor surplus classification ³	Unemployment	
			Date	Rate ³
Alabama:				
Florence-Sheffield.....	Florence-Sheffield.....	November 1954 to November 1956 and February 1958 to present.....	December 1959.....	7.2
Gadsden.....		January 1954 to July 1955 and February 1958 to present.....	January 1960.....	9.7
Jasper.....	Jasper.....	March 1952 to present.....	April 1960.....	7.3
Talladega.....		April 1954 to September 1955 and January 1958 to present.....	November 1959.....	7.0
Alaska: Anchorage.....	Anchorage.....	March 1958 to present.....	August 1959.....	7.8
Connecticut:				
Ansonia.....		February 1958 to present.....	December 1959.....	6.9
Bristol.....	Bristol.....	July 1954 to November 1955 and March 1958 to present.....	do.....	8.9
Danielson.....	Danielson.....	March 1952 to January 1953 and March 1955 to present.....	October 1959.....	6.7
Meriden.....		March 1958 to present.....	December 1959.....	5.1
Middletown.....		do.....	do.....	5.4
Norwich.....		May 1952 to January 1953 and March 1958 to present.....	do.....	7.1
Thompsonville.....		March 1958 to present.....	do.....	6.7
Torrington.....		March 1955 to November 1955 and February 1958 to present.....	do.....	5.5
Illinois:				
Centralia.....	Centralia.....	May 1958 to present.....	November 1959.....	7.3
Harrisburg.....	Harrisburg.....	December 1954 to present.....	March 1960.....	18.7
Herrin-Murphysboro-West Frankfort.....	Herrin-Murphysboro-West Frankfort.....	September 1951 to present.....	February 1960.....	17.7
Mount Carmel-Olney.....		February 1955 to present.....	December 1959.....	6.5
Mount Vernon.....	Mount Vernon.....	April 1954 to present.....	April 1960.....	11.3
Indiana:				
Connersville.....		May 1952 to January 1953, January 1955 to May 1955, and April 1958 to present.....	March 1960.....	6.9
Vincennes.....	Vincennes.....	September 1951 to present.....	February 1960.....	7.9
Kansas:				
Coffeyville-Independence-Parsons.....		December 1951 to present.....	November 1959.....	7.2
Pittsburg.....	Pittsburg.....	May 1954 to present.....	March 1960.....	12.3
Kentucky:				
Corbin.....	Corbin.....	July 1953 to present.....	March 1960.....	11.5
Hazard.....	Hazard.....	do.....	do.....	12.9
Madisonville.....	Madisonville.....	September 1953 to present.....	do.....	10.6
Morehead-Grayson.....	Morehead-Grayson.....	August 1954 to present.....	do.....	16.8
Paintsville-Prestonsburg.....	Paintsville-Prestonsburg.....	July 1953 to present.....	do.....	15.0
Pikeville-Williamson.....	Pikeville-Williamson.....	do.....	October 1959.....	20.9
Maine:				
Biddeford-Sanford.....	Biddeford-Sanford.....	May 1952 to September 1952, March 1954 to present.....	February 1960.....	13.2
Lewiston-Auburn.....	Lewiston-Auburn.....	May 1952 to September 1952, March 1958 to September 1959.....	March 1960.....	8.2
Maryland:				
Cambridge.....		September 1959 to present.....	December 1959.....	16.6
Cumberland.....	Cumberland.....	September 1951 to present.....	February 1960.....	10.5
Massachusetts:				
Newburyport.....		February 1958 to September 1959 and January 1960 to present.....	December 1959.....	8.3
North Adams.....	North Adams.....	March 1954 to July 1955 and March 1957 to present.....	February 1960.....	11.4
Michigan:				
Bay City.....	Bay City.....	March 1952 to July 1952, March 1954 to May 1955, and July 1957 to present.....	do.....	8.3
Iron Mountain.....	Iron Mountain.....	March 1952 to September 1953, April 1954 to November 1957, and February 1958 to present.....	do.....	10.2
Marquette.....	Marquette.....	July 1955 to September 1956 and January 1958 to present.....	do.....	7.6
Monroe.....	Monroe.....	March 1954 to May 1955 and May 1956 to present.....	March 1960.....	9.6
Port Huron.....	Port Huron.....	March 1952 to November 1952, March 1954 to July 1955, and March 1956 to present.....	February 1960.....	8.5

Footnotes at end of tables.

Initial dates of labor surplus area classification and subsequent classification experience,¹ July 1951 to present—Urban areas that may qualify for Federal assistance under various legislative proposals²—Continued

SMALLER AREAS *

Area redevelopment bill (S. 722 as passed by Congress) (102 smaller areas)	Douglas bill (S. 722 as originally passed by the Senate) (58 smaller areas)	Dates of labor surplus classification ¹	Unemployment	
			Date	Rate ³
Mississippi: Biloxi-Gulfport.....		March 1959 to present.....	January 1960.....	7.5
Missouri:				
Flat River.....	Flat River.....	March 1958 to present.....	December 1959.....	9.5
Joplin.....		May 1952 to January 1953, May 1954 to November 1955, and February 1958 to present.....	November 1959.....	6.6
Washington.....		March 1959 to present.....	August 1959.....	6.1
Montana:				
Butte.....	Butte.....	April 1958 to present.....	December 1959.....	26.8
Kalispell.....	Kalispell.....	do.....	do.....	11.8
New Jersey:				
Bridgeton.....	Bridgeton.....	March 1955 to present.....	April 1960.....	9.9
Long Branch.....		February 1955 to present.....	March 1960.....	9.9
New York:				
Amsterdam.....	Amsterdam.....	June 1954 to November 1956 and March 1958 to present.....	April 1960.....	11.2
Auburn.....	Auburn.....	January to September 1955 and April 1958 to present.....	March 1960.....	8.9
Elmira.....		April 1958 to present.....	February 1960.....	6.8
Gloversville.....	Gloversville.....	March 1952 to November 1955 and April 1958 to present.....	December 1959.....	12.9
Jamestown-Dunkirk.....		May to November 1954 and April 1958 to present.....	March 1960.....	9.6
Newburgh-Middletown-Beacon.....		July 1958 to present.....	November 1959.....	8.1
Ogdensburg-Massena-Malone.....		November 1959 to present.....	December 1959.....	13.9
Plattsburgh.....		March 1959 to present.....	February 1960.....	14.7
Wellsville.....		November 1958 to present.....	April 1960.....	8.7
North Carolina:				
Fayetteville.....	Fayetteville.....	February 1955 to present.....	March 1960.....	10.3
Hendersonville.....		March 1959 to present.....	January 1960.....	7.6
Lumberton.....		do.....	February 1960.....	13.7
Mount Airy.....		September 1955 to present.....	December 1959.....	5.9
Ohio: Portsmouth-Chillicothe.....	Portsmouth-Chillicothe.....	May to September 1952 and July 1957 to present.....	November 1959.....	7.1
Oklahoma:				
Ardmore.....		September 1958 to present.....	February 1960.....	7.9
McAlester.....	McAlester.....	September 1954 to present.....	January 1960.....	10.2
Muskogee.....		September 1954 to November 1955 and September 1959 to present.....	February 1960.....	12.5
Okmulgee-Henryetta.....		May 1958 to present.....	March 1960.....	7.9
Pennsylvania:				
Berwick-Bloomsburg.....	Berwick-Bloomsburg.....	May 1954 to present.....	October 1959.....	10.0
Butler.....	Butler.....	November 1954 to November 1955 and March 1958 to present.....	March 1960.....	8.9
Clearfield-Du Bois.....	Clearfield-Du Bois.....	May 1952 to present.....	do.....	13.3
Indiana.....		January 1954 to September 1956 and March 1959 to present.....	January 1960.....	9.2
Kittanning-Ford City.....		March 1954 to November 1956 and March 1959 to present.....	February 1960.....	12.0
Lewistown.....		March 1955 to present.....	November 1959.....	7.1
Meadville.....		March 1955 to November 1955 and May 1959 to present.....	October 1959.....	9.0
New Castle.....	New Castle.....	April 1954 to November 1955 and May 1958 to present.....	March 1960.....	9.6
Oil City-Franklin-Titusville.....		September 1954 to November 1955 and October 1958 to present.....	do.....	8.5
Pottsville.....	Pottsville.....	September 1951 to present.....	do.....	18.7
Sayre-Athens-Towanda.....		June 1958 to present.....	do.....	7.4
St. Marys.....		July 1955 to November 1955 and March 1959 to present.....	February 1960.....	10.3
Sunbury-Shamokin-Mount Carmel.....	Sunbury-Shamokin-Mount Carmel.....	July 1952 to present.....	March 1960.....	13.0
Uniontown-Connellsville.....	Uniontown-Connellsville.....	September 1951 to present.....	do.....	17.8
Williamsport.....		March 1954 to November 1955 and September 1958 to present.....	do.....	8.2
Tennessee: La Follette-Jellico-Tazewell.....	La Follette-Jellico-Tazewell.....	January 1954 to present.....	October 1959.....	14.1
Texas:				
Laredo.....		July 1951 to March 1952 and March 1958 to present.....	March 1960.....	9.9
Texarkana.....		January 1954 to present.....	do.....	9.5
Virginia:				
Big Stone Gap-Appalachia.....	Big Stone Gap-Appalachia.....	September 1953 to present.....	April 1960.....	10.7
Richlands-Bluefield.....		June 1954 to July 1957 and July 1958 to present.....	November 1959.....	9.2
Washington:				
Aberdeen.....	Aberdeen.....	March 1958 to present.....	February 1960.....	7.4
Anacortes.....	Anacortes.....	do.....	do.....	15.9
Bellingham.....	Bellingham.....	do.....	do.....	11.5
Bremerton.....		do.....	do.....	7.2
Port Angeles.....	Port Angeles.....	do.....	do.....	7.8
West Virginia:				
Beckley.....	Beckley.....	March 1953 to present.....	do.....	25.8
Bluefield.....	Bluefield.....	March 1954 to July 1956, and February 1958 to present.....	December 1959.....	17.9
Clarksburg.....	Clarksburg.....	March 1954 to December 1955, and May 1958 to present.....	April 1960.....	11.4
Fairmont.....	Fairmont.....	May 1952 to present.....	do.....	10.4
Logan.....	Logan.....	April 1954 to present.....	February 1960.....	16.0
Martinsburg.....		March 1952 to July 1953, and May 1958 to present.....	April 1960.....	9.9
Morgantown.....	Morgantown.....	March 1953 to December 1955, and May 1958 to present.....	do.....	13.6
Parkersburg.....		May 1952 to December 1955, and February 1958 to present.....	December 1959.....	8.3
Point Pleasant-Gallipolis.....	Point Pleasant-Gallipolis.....	July 1952 to present.....	February 1960.....	12.1
Ronceverte-White Sulphur Springs.....	Ronceverte-White Sulphur Springs.....	March 1952 to present.....	do.....	14.9
Welch.....	Welch.....	February 1954 to present.....	December 1959.....	25.4
Wisconsin: La Crosse.....		May to November 1952, February 1954 to September 1955, and February 1958 to present.....	January 1960.....	10.6

¹ Dates areas listed were officially classified by the Department of Labor as "areas of substantial labor surplus."

² Listing of eligible areas is preliminary and tentative, and is based largely on bimonthly or semiannual data compiled from area labor market reports prepared in connection with the Bureau of Employment Security's program for the classification of areas according to relative adequacy of labor supply. Data used cover a 2- to 5-year period, generally extending through March 1960. Later data, now becoming available for some areas, could result in several changes in the above listing.

³ Unemployment rates for major areas are as of March 1960. Data for smaller areas are for latest month available as reported in official area labor market reports prepared by State employment security agencies.

* Major areas are the 149 areas included in the Bureau of Employment Security's regular area labor market reporting and classification program. Unemployment and labor force data for these areas are generally available on a bimonthly basis.

⁵ Smaller areas: Areas with a labor force of 15,000 or more which are officially classified as "smaller areas of substantial labor surplus" by the Bureau of Employment Security. Data for such areas are generally available on a semiannual basis. Information for smaller areas which are not classified, or for areas with a labor force of less than 15,000, are not available in Washington on a consistent basis.

Source: U.S. Department of Labor, Bureau of Employment Security, Office of Program Review and Analysis, Washington, D.C., May 23, 1960.

APPENDIX B. LIST OF COUNTIES WHICH MUST BE DESIGNATED AS RURAL REDEVELOPMENT AREAS

Alabama: Autauga, Barbour, Bibb, Blount, Bullock, Butler, Chambers, Chilton, Choctaw, Clarke, Clay, Coffee, Conecuh, Coosa, Covington, Crenshaw, Cullman, Dallas, De Kalb, Elmore, Escambia, Etowah, Fayette, Franklin, Geneva, Greene, Hale, Henry, Houston, Jackson, Lamar, Lawrence, Lee, Limestone, Lowndes, Macon, Marengo, Marion, Marshall, Monroe, Montgomery, Morgan, Perry, Pickens, Pike, Randolph, Russell, Sumter, St. Clair, Tallapoosa, Tuscaloosa, Walker, Washington, Wilcox, Winston.

Arkansas: Ashley, Baxter, Boone, Bradley, Calhoun, Chicot, Clark, Clay, Cleburne, Cleveland, Columbia, Conway, Crittenden, Dallas, Desha, Drew, Faulkner, Fulton, Grant, Greene, Hempstead, Howard, Independence, Izard, Jefferson, Johnson, Lafayette, Lawrence, Lee, Lincoln, Little River, Logan, Lonoke, Madison, Marion, Miller, Monroe, Montgomery, Nevada, Newton, Ouachita, Perry, Phillips, Pike, Polk, Pope, Randolph, St. Francis, Scott, Searcy, Sebastian, Sevier, Sharp, Stone, Union, Van Buren, White, Woodruff, Yell.

Florida: Baker, Calhoun, Gilchrist, Hamilton, Holmes, Jackson, Jefferson, Lafayette, Leon, Madison, Okaloosa, Suwannee, Union, Walton, Washington.

Georgia: Appling, Atkinson, Bacon, Baker, Baldwin, Brantley, Brooks, Bryan, Burke, Butts, Carroll, Charlton, Chattooga, Clay, Clayton, Clinch, Coffee, Coweta, Crawford, Date, Decatur, Dodge, Douglas, Early, Echols, Elbert, Evans, Fannin, Fayette, Glascock, Gilmer, Greene, Hancock, Haralson, Hart, Harris, Heard, Henry, Jasper, Jeff Davis, Johnson, Lamar, Lanier, Liberty, Lincoln, Long, Marion, Meriwether, Montgomery, Murray, Newton, Oglethorpe, Pierce, Quitman, Rabun, Randolph, Rockdale, Screven, Stewart, Taliaferro, Tattnall, Taylor, Telfair, Towns, Treutlen, Twiggs, Union, Walker, Warren, Washington, Wayne, Wheeler, White, Wilcox, Wilkes, Wilkinson.

Illinois: Hardin, Johnson, Pope.

Kentucky: Adair, Allen, Breathitt, Breckinridge, Butler, Carter, Casey, Clay, Clinton, Cumberland, Crittenden, Edmonson, Elliott, Estill, Floyd, Grayson, Graves, Green, Greenup, Hopkins, Jackson, Johnson, Knox, Laurel, Lawrence, Lee, Lewis, Magoffin, Marshall, Menifee, McCracken, Metcalfe, Monroe, Morgan, Ohio, Owsley, Pike, Powell, Pulaski, Rockcastle, Rowan, Russell, Wayne, Whitley, Wolfe.

Louisiana: Avoyelles, Bienville, Beauregard, Caldwell, Catahoula, Claiborne, Concordia, De Sota, East Feliciana, Evangeline, Franklin, Grant, La Salle, Lincoln, Livingston, Morehouse, Natchitoches, Red River, Richland, Sabine, St. Helena, St. Landry, Union, Vernon, Webster, West Carroll, West Feliciana, Winn.

Michigan: Iron, Alcona, Iosco, Wexford, Clare.

Minnesota: Itasca, Aitkin.

Mississippi: Adama, Alcorn, Amite, Attala, Benton, Bolivar, Calhoun, Carroll, Chickasaw, Choctaw, Claiborne, Clarke, Clay, Coahoma, Copiah, Covington, De Sota, Franklin, George, Greene, Grenada, Hinds, Holmes, Humphreys, Issaquena, Itawamba, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lafayette, Lamar, Lauderdale, Lawrence, Leake, Lee, Leflore, Lincoln, Lowndes, Madison, Marion, Marshall, Monroe, Montgomery, Neshoba, Newton, Noxubee, Oktibeha, Panola, Perry, Pike, Pontotoc, Prentiss, Quitman, Rankin, Scott, Sharkey, Simpson, Smith, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union, Washington, Walthall, Warren, Wayne, Webster, Wilkinson, Winston, Yalobusha, Yazoo.

Missouri: Bollinger, Butler, Carter, Dent, Douglas, Howell, Iron, Madison, Oregon, Ozark, Reynolds, Ripley, Shannon, Stone, Taney, Vernon, Washington, Wayne, Wright.

New Mexico: Mora, Rio Arriba, San Miguel, Sierra, Socorro.

North Carolina: Alexander, Alleghany, Anson, Ashe, Avery, Bladen, Buncombe, Brunswick, Burke, Caswell, Catawba, Cherokee, Clay, Cleveland, Columbus, Davidson, Duplin, Graham, Halifax, Haywood, Hyde, Jackson, Lincoln, McDowell, Macon, Madison, Mitchell, Montgomery, New Hanover, Onslow, Pender, Person, Polk, Rutherford, Scotland, Stanly, Swain, Transylvania, Tyrrell, Washington, Warren, Watauga, Wilkes, Yancey.

Ohio: Gallia, Guernsey, Noble.

Oklahoma: Adair, Atoka, Cherokee, Choctaw, Coal, Creek, Delaware, Haskell, Hughes, Latimer, LeFlore, Lincoln, McCurtain, McIntosh, Okfuskee, Okmulgee, Pittsburg, Pushmataha, Seminole, Sequoyah.

South Carolina: Abbeville, Allendale, Anderson, Barnwell, Beaufort, Berkeley, Charleston, Cherokee, Chester, Chesterfield, Clarendon, Colleton, Dorchester, Edgefield, Fairfield, Greenwood, Georgetown, Greenville, Hampton, Horry, Jasper, Kershaw, Lancaster, Laurens, Lee, Lexington, McCormick, Newberry, Oconee, Orangeburg, Pickens, Saluda, Spartanburg, Union, Williamsburg, York.

Tennessee: Anderson, Benton, Bledsoe, Blount, Campbell, Cannon, Carroll, Carter, Claiborne, Clay, Cocke, Cumberland, Decatur, De Kalb, Dickson, Fayette, Fentress, Giles, Grainger, Greene, Grundy, Hamblen, Hancock, Hardeman, Hardin, Hawkins, Haywood, Hickman, Houston, Humphreys, Jackson, Jefferson, Johnson, Lauderdale, Lawrence, Lewis, Lincoln, Loudon, McMinn, McNairy, Macon, Madison, Marion, Meigs, Monroe, Moore, Morgan, Overton, Perry, Pickett, Polk, Putnam, Rhea, Roane, Rutherford, Scott, Sevier, Sequatchie, Smith, Stewart, Sullivan, Sumner, Unicoi, Union, Van Buren, Washington, Warren, Wayne, White Wilson.

Texas: Angeline, Anderson, Bastrop, Bowie, Burleson, Camp, Cass, Cherokee, Duval, Franklin, Freestone, Harrison, Henderson, Houston, Lavaca, Leon, McMullen, Madison, Marion, Morris, Newton, Panola, Polk, Rains, Red River, Robertson, Rusk, Sabine, San Augustine, San Jacinto, Somervell, Titus, Upshur, Trinity, Walker, Wood.

Virginia: Alleghany, Appomattox, Bath, Bedford, Buchanan, Buckingham, Carroll, Charlotte, Craig, Dickenson, Floyd, Fluvanna, Grayson, Greene, Greensville, Halifax, Henry, Highland, Lee, Lunenburg, Mecklenburg, Patrick, Prince Edward, Russell, Scott, Trazewell, Washington, Wise, York.

West Virginia: Brooke, Barbour, Braxton, Cabell, Calhoun, Clay, Doddridge, Fayette, Gilmer, Harrison, Jackson, Kanawha, Lewis, Lincoln, Mason, Marion, Mercer, Monongalia, Monroe, Nicholas, Pleasants, Pocahontas, Preston, Putnam, Raleigh, Randolph, Ritchie, Roane, Summers, Taylor, Tucker, Tyler, Upshur, Wayne, Wetzel, Wirt, Wood.

Mr. DOUGLAS. Mr. President, I wish to point out that some of the areas have had high unemployment, of more than 6 percent, for 10 years, at least. For instance, Lawrence and Lowell in Massachusetts, ever since the survey was started in July of 1951, although formerly great textile centers have had over 6-percent unemployment. The last figure, as of this year, shows an unemployment of 6.7 percent in Lawrence, and 9.8 percent, or almost 10 percent, for Lowell, Mass.

Atlantic City, N.J., has had continuous, chronic unemployment ever since November of 1951. At the last account the figure was 15 percent.

Altoona, Pa., has had continuous unemployment since July of 1951. At present the unemployment rate is 8.8 percent.

Providence, R.I., has had continuous high unemployment since July of 1951.

At present Providence has unemployment of 8.4 percent.

There are large numbers of the so-called smaller areas which have had continuous unemployment for long periods of time. All of this will be revealed by a close study of this table, which is being printed in the RECORD.

I wish to point out that of the 102 smaller areas designated, 77 have been surplus labor areas for longer than the past 5 years, and this number represents 75 percent of the total of the 102 smaller areas.

The Department of Labor, as is well known, classifies these surplus areas into three groups, called D, E, and F. Group D represents areas of unemployment from 6 to 9 percent; group E areas of unemployment from 9 to 12 percent; and group F areas of unemployment over 12 percent. Groups A, B, and C have less than 6-percent unemployment and are not classed as surplus labor areas.

OUR NATIONAL RESPONSIBILITIES

Mr. President, I know that some will ask a question at this point, and it is a logical one. Why do these people stay in these places? Why do they not leave and seek work elsewhere? The answer is that they do. That is why unemployment rates are 12 instead of 25 percent, or 20 instead of 40 percent. But migration alone cannot solve the problem.

In the first place, many of the persons thrown out of work are over 40 or 50 years of age, and face discrimination because of their age when seeking a job. They leave their families only to return more defeated than before. Second, they lack training for the available jobs in other areas. Third, their roots and homes are in these areas, and they keep up their hopes for the future. It is hard for someone to give up all he has worked for in his home, neighborhood, church, and local groups, especially after investing most of his life in them. Fourth, some families have gone deeply in debt and do not like to "run out on" their obligations. Moreover, those who migrate and find jobs are, because of low seniority in their new employment, the first to be laid off in a recession. So they head "back home."

There are other reasons. But the basic answer to the question "Why don't more persons in these areas move?" is that they would if they could, but they cannot.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield again to my good friend from West Virginia.

Mr. RANDOLPH. The Senator from Illinois is correct when he discusses the lessening of population in these areas, though the people still have roots in them. West Virginia, on the basis of a preliminary compilation of the current census, has lost, in some of the coal-producing counties, over a 10-year period, as many as 17,000 people. I say to the Senator from Illinois, that is the population loss within one county alone.

Mr. DOUGLAS. Yes.

Mr. RANDOLPH. We know now, on the basis of figures which are not yet official but which are substantially correct, that West Virginia will lose one

Member of its House delegation. We now have six Members of the House of Representatives. Beginning in 1962, with the election in that year, we are quite likely to have only five Members of the House of Representatives from our State.

This is a very serious problem. The Senator is presenting it in a very factual manner.

Mr. DOUGLAS. I thank the Senator very much.

Mr. President, the next questions, also logical, might be, "Well, what can we do about it? Why send good money after bad? What good would it do? Anyway, is this not a local rather than a national problem?"

In some cases, perhaps, little can be done, for the program envisaged by our area redevelopment bill is not a handout or a dole. It is not a relief measure. Rather, it is a program of long-term investment in repayable loans to help these areas to help themselves.

The fact is that many of these areas have natural resources, strategic locations, and an available labor supply. They are ripe for new industries, but private capital is not available. In such communities local capital is normally limited and less venturesome than in places where greater prosperity prevails. Moreover, outside capital is reluctant to enter. Credit on favorable terms and at low rates of interest is needed in such communities both to develop their public facilities so as to make them more attractive to new industry and to establish new enterprises to create new jobs in the area.

I wish to emphasize, this is not a handout or a dole. This is not a relief measure. Rather, it is a program of long-term investment in repayable loans to help these areas help themselves. The Federal Government can be most helpful in assisting such communities, with the cooperation of private lending institutions and State and local governments, to raise the funds necessary to expand the economic base. A long-term loan at a low rate of interest granted by the Federal Government in some cases may be exactly the added incentive necessary for the unleashing of other private capital to develop many of these areas.

Failing to aid badly distressed areas which might recover with a little help is a waste of valuable resources. A prolonged depression in an area means the gradual disintegration of community facilities—schools, stores, hospitals, banks, office buildings, homes, churches, paved streets, sidewalks, sewer, and water supply systems, and all of the community services which were acquired at great expense and which are now wasting away.

These facilities will have to be duplicated if we have a mass, wholesale migration from these areas into other areas. Moreover, a successful area redevelopment program would serve to reduce public outlays for unemployment compensation, relief, and various other forms of public assistance—payments for which no current production is received in return. It would help to replace the dole by constructive work.

The Employment Act of 1946 declares that the Federal Government should promote maximum employment. But there is a limit to the effectiveness of broad-scale programs to alleviate joblessness. Many—probably most of the cities of the United States—are not badly depressed. Moreover, a blunderbuss nationwide program to alleviate joblessness and poverty at this time, which affects all areas alike, might create inflationary pressures by causing new investments where unemployment is small.

In these cases, there would be no slack for the additional expenditures and employment opportunities to take up, and pouring new money into such areas would tend to bid up prices instead of actually increasing production.

Channeling investments into areas of high unemployment or underemployment is a different matter. Large reservoirs of idle manpower would be put to work and production would increase. This added output would offset in whole or in large part the extra monetary purchasing powers added to the industrial sector of the country, and hence cannot be called inflationary.

Thus, the area redevelopment bill will reduce unemployment and poverty where it is the worst. It will attack joblessness with carefully aimed rifle shots instead of a sawed-off shotgun. It is not a program designed to cure great industrial depressions or seasonal unemployment—and we have never claimed it to be so. But would reduce the persistent and deep pockets of unemployed workers and hence decrease so-called structural unemployment, which general monetary and fiscal policy cannot reach.

To make this problem clear to the membership, I have, as I have said, prepared charts which show the history of the high and long-term unemployment in these areas which are available at the rear of the Chamber for your inspection. If you examine these, I believe you will agree they completely refute the charge of the administration that the distress in the areas covered by S. 722 is only temporary in nature. It is clear that the problem is not a local one or a regional one, but is a national one that demands our favorable attention.

STATED REASONS FOR THE VETO ANALYZED

Let me now examine the reasons set forth by the President for this most recent veto:

First. The President states that S. 722 would "squander the Federal taxpayers' money where there is only temporary economic difficulty, curable without the special Federal assistance provided in the bill." Those are his words.

To answer this argument I have had a chart, to which I have referred, prepared, which gives the history of each of the areas presently qualified for participation under the bill.

Shown on this chart are 40 major labor market areas which would qualify under the provisions of S. 722, and 102 smaller labor market areas which would also qualify. Of the 40 major labor market areas, 11 are shown to have been so designated since 1951; 30 of these major areas have been so desig-

nated for at least 5 years, and 77 of the 102 smaller labor market areas have also been so rated for over 5 years. All of the areas designated have at least 2 years of excessive unemployment experience.

Two years of excessive unemployment can produce dire effects upon the economic base of a community. And with three-quarters of the areas, both large and small, having over 5 years of such experience, the records show that there is just no truth in the statement that the areas that would be covered by S. 722 are only temporarily in these economic difficulties.

In these 142 labor market areas, obviously there are great variations in the severity and nature of the needs. But the Administrator is not bound to give every form of assistance to every area. Under sensible administration, therefore, there is no reason to fear that areas needing only urban renewal or technical or planning assistance will "deprive" more heavily hit communities of needed loan funds, as the President charges. The President's use of the word "squander" is also ill suited to a bill in which \$200 million of the \$251 million authorized are in the form of repayable loans—and two of the grant programs are in the administration's own bill.

Second. The President next states that the provisions of S. 722 would "inhibit" local, State, and private initiative, and further that the 65-percent maximum Federal participation provided in the bill is too high a Federal share for an effective redevelopment program. First let us note that a lesser percentage than 65 may be granted; the 65 percent is only a maximum limitation. But some of the hardest hit areas may need that much to get started. My colleague, the minority leader, once urged upon the committee an even higher ceiling.

One has only to read the full provisions of S. 722, moreover, to see the lack of understanding of this bill by the administration. Subsection (b) (2) of section 6 specifically provides that such assistance shall be extended only to applicants which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision.

In the event there is no such State or local agency, which will be the exceptional case, there is the further provision in subsection (c) of section 6 that the Administrator appoint a local redevelopment committee, but it must be composed of not less than seven residents of the area—representatives of labor, commerce, industrial, and agricultural groups and of the residents, generally, of the area, to form the basis for the redevelopment program of the area.

These are specific requirements designed to stimulate, not to stifle, local initiative. The bill recognizes that the success of redevelopment of these areas is dependent upon the will and efforts of the local citizens.

Third. The President next objects to the inclusion of the provision for Fed-

eral financing of plant machinery and equipment for the stated reason that such expenditure is "unwise and unnecessary and therefore wasteful of money that otherwise could be of real help."

This provision was included in the bill as a result of the recommendations of several witnesses who appeared during three congressional hearings conducted during 1956, 1957, and 1959, and which hearings developed 3,520 pages of hearings before three Senate committees. The Labor and Public Welfare Committee conducted the hearing in 1956, and the Senate Banking and Currency Committee conducted the subsequent hearings during 1957 and 1959. This authorization will be especially helpful where the area has available buildings and public facilities, but needs only new and different machinery.

At one point during the committee consideration in 1958, Senator Purtell, himself a manufacturer from Connecticut, strongly expressed the opinion that the inclusion of a provision for the use of funds for plant machinery and equipment was wise and necessary to do the job that needs to be done in these areas. The committee was persuaded by his argument and the other testimony before it. Surely the Administrator in his discretion will deny unneeded or unduly risky loans for this purpose. But to meet the exceptional need, the authority seems desirable—and surely is not grounds for veto.

Fourth. Objection is next made to the public facilities loan and grant program set forth in S. 722, and the President states that there is available under existing Government loan programs sufficient money to cover these needs.

The hearings developed information that in many areas, notably areas of New England, Pennsylvania, West Virginia, and eastern Kentucky, where the communities are located in somewhat narrow valleys, new lands must be developed for industrial parks for industry location. A program of this type requires the development of all types of public facilities—access roads, powerlines, grading and ground clearing, sewerage systems, and water, often large requirements of water for industrial use. These facilities may be the essential key to redevelopment. I know of no Federal programs which cover all of these needs.

The President suggests the Community Facilities Administration under the Housing and Home Finance Agency, which has a general authority for loans for some of these types of public facilities. But in this administration, it is apparent that they are largely concerned with building sewerage and water systems for small communities. This in no sense meets the needs of these areas which require a variegated, sizable, and adequate provision of industry water and industrial parks. It would also take away from the desirable coordination of major redevelopment programs to have the public facilities assistance handled separately. I know of no Federal program which covers all this need.

The grant program set forth in S. 722 is also criticized. In this connection, I

would like to say that the evidence before us clearly showed that unfortunately there are a number of areas in the United States which are unable to repay all the costs of loans for public facilities needed for an effective economic redevelopment program. To meet these exceptional but needy cases, grants are authorized. But S. 722 cautiously requires that the Administrator obtain from the area seeking assistance a contribution to the costs in proportion to the ability of the area to contribute.

Fifth. The President then states that the provisions for a Federal loan program for the development of our rural areas is "incongruous and unnecessary," and again states that there are in existence Federal programs, namely the Small Business Administration and the Rural Development Program, which are capable of giving the needed assistance for curing the problems of the low-income rural areas.

The problem of underemployment in our rural areas is just as great as the problem of unemployment in our industrial areas. I think it is quite clear and that the record shows that the rural development program administered by the Department of Agriculture is wholly inadequate to solve this long-term problem of our poverty-ridden rural areas. For the most part, the rural development program of the Department of Agriculture does little other than organize and counsel. It should be termed the conversation department. There has been some vague talk about increasing industrialization and non-farm employment opportunities. But the program has no funds to implement that talk. The Small Business Administration, as shown by the hearings, is wholly ineffective in reaching a solution to this rural redevelopment problem.

We propose to help start new industries where the families of low-income farmers may be employed, and the farmers themselves may be employed in the off seasons. Of course, the Small Business Administration has virtually nothing to do with this.

It was the opinion of the Senate Committee which considered this bill that a rural program as set forth in S. 722 was the most effective way to solve the problem of rural underemployment. Perhaps one of the most cogent statements made by any of the witnesses before both the House and the Senate Banking and Currency Committees was that of Mr. Herschel D. Newsom, master of the National Grange, and I quote:

From the long-range standpoint, it (area redevelopment legislation) could be one of the most important pieces of agricultural legislation during the 86th Congress.

I might add that the rural program set forth in the bill was also supported by the Farmers' Union.

Sixth. The sixth and last objection made by the administration is that a new Federal agency is not needed. The Department of Commerce, the President asserts, should administer the program.

This point has received much consideration and has been the subject of

much debate. We decided that the Department of Commerce should not administer the proposed legislation. The major reason is that the Department of Commerce is the agency in which the principal opposition to this bill has been found, and to give Secretary Mueller the power to administer this program would be like designating a fox to take care of the chickens.

Mr. President, today we pass on the question of overriding the President's veto. I do not think the administration has been wholly forthright in dealing with this issue.

The bill before the Senate is a broad bill which seeks to provide a number of ways of meeting this widespread, long-term economic blight that exists in the United States. The unemployment fact gathering of the Department of Labor, the vocational training programs of the Department of Labor, and the subsistence retraining payment program, all suggest a definite interest of the Department of Labor in administering some phases of the bill. The rural program set forth in the bill is foreign to the functioning of the Department of Commerce. But the most basic reason why the program should not be under its jurisdiction is the unsympathetic if not downright hostile attitude displayed by the Department of Commerce through these last 5 years toward redevelopment of these areas in the broad sense.

The stated grounds for the President's veto thus are without foundation in reason or in fact. When coupled, as they are, with renewed expressions of interest in some affirmative action—affirmative action which the veto, however, seeks to block and which the administration has steadily fought—these appeals of the President are contradictory and confusing.

Only Congress by a reaffirmation of its support for an effective program, with enlarged majorities, can give the clear lead that is essential to the meeting of this problem.

Let me turn briefly to some of the main, affirmative reasons why we should enact S. 722, notwithstanding the veto.

HOW MUCH DOUBLETALK CAN THE PEOPLE TAKE?

Each year the President has asked for an area redevelopment program, and each time when Congress passes such a bill the President vetoes it on one pretext or another.

His callous acts as compared with his soul-warming and solicitous words reminds me of Lewis Carroll's story of the walrus and the carpenter who lured a multitude of oysters into taking a little walk with them along the beach and then after some pleasant and soothing talk, proceeded to eat them all up.

"I weep for you," the Walrus said;

"I deeply sympathize."

With sobs and tears, he sorted out

Those of the largest size,

Holding his pocket handkerchief

Before his streaming eyes.

The hypocrisy of the walrus is well paralleled by the hypocrisy of the administration in dealing with this measure.

ARE WE TO HAVE MINORITY RULE? IS THE PRESIDENT TO BECOME THE LEGISLATURE AS WELL?

There is another principle involved in our action on this bill. It is whether we are to substitute minority for majority rule in this country. The President has boasted that through the veto, as long as he can command one more than a third of the votes in either House, he can stop anything the majority of the Nation, expressing themselves through their representatives, want, or dictate the terms of any legislation which is passed.

He has already vetoed the water pollution bill under these conditions, and he has twice vetoed this area redevelopment bill. He vetoed the housing bill twice, and has threatened to do it again this year, and he has the ax poised in a similar position for any school aid bill.

This is an assertion of minority rather than of majority rule.

Under the strict terms of the Constitution, the President, of course, has the power to do this. But is it wise and in the interest of the Nation, and in the interest of national unity for him to carry out this policy.

The President and his followers are demanding the most rigid obedience to their will and tactics in the field of foreign affairs. Even the most reasonable criticism of methods is bitterly resented and denounced as unpatriotic.

I believe that history will record that never has an opposition party holding the majority of Congress been so understanding and so cooperative in its relationships with a President of the opposite political faith than we Democrats have been during the last 7½ years. One need only to compare our behavior with that of the Republicans toward Woodrow Wilson in 1919-20, and toward Franklin D. Roosevelt from 1935 to 1945, and throughout the Truman administration, when an eminent Republican led the pack in referring to the Korean war as "Truman's war." The contrast is almost one between daylight and darkness.

Not only does the administration demand that we follow them to the last comma and numeral on foreign policy and foreign aid, but they resent and attack any suggestion from us as to how they might carry out those policies in a better fashion.

The bitter words which have been uttered by them during the last few days indicate that they would put a figurative gag in the mouth of every prominent Democrat who, although not questioning their motives, criticizes their competence.

COOPERATION SHOULD BE A TWO-WAY STREET

We are willing to cooperate in the field of foreign policy for the sake of national unity. I believe we have done that, and we will continue to do so. We will continue to cooperate. However, cooperation is a two-way street. It is a reciprocal affair. Should not the administration in turn cooperate with us in domestic affairs, instead of repeatedly trying to impose its will in the smallest degree in these matters as well as in foreign affairs? We have tried to meet the administration halfway. We have cut the

total amounts included from \$379 million to \$251 million, or by \$138 million. We eliminated the authorization for bond issues in order to require later appropriations. Apparently that is not enough. The President now demands complete and final submission. He wants to be the Legislature as well as the Executive. He wants to prevent the majority from legislating, by the free use of his veto, and to heap scorn upon us, for partisan effect, that we have not accomplished much and have not passed much legislation. If he would cooperate we could pass the legislation but his stubborn vetoes are making this impossible.

The dignity of the legislative branch alone demands that we override the veto. But more than the dignity of the legislative branch is involved. The welfare of the Nation is involved, and that demands that we put into the hands of the unemployed the means for them to go back to work. This is a national problem.

The President of the United States is insisting that we spend billions of dollars for foreign aid, and in great detail. I have in my hand a list of some of the projects which have been compiled by the Senator from Alaska [Mr. GRUENING]. This book, which I hold in my hand, weighs 6 pounds 4 ounces. The projects are listed in great detail. They are in nearly every country of the world. The President is saying, "Do not cut a single cent from these foreign projects." Yet he refuses to permit a more-work program to go into effect for the people of this Nation.

I say for the sake of our dignity and for the sake of the country and for the sake of the people of the United States, we should override the veto.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. CLARK. I congratulate the distinguished Senator from Illinois. He is the author of the depressed areas concept. He carried the first depressed areas bill satisfactorily through the Senate, only to see it die in the House of Representatives. He carried the second depressed areas bill successfully through the Senate. It passed the House. Then it was vetoed. He undauntedly and untiringly arose again to lead in the passage through the Senate of a third bill, a better bill than the one the President has vetoed.

I congratulate him for his indomitable will and his strong feeling of urgent need to help those unfortunate people who are without jobs through no fault of their own. I only wish that his efforts had been more successful. However, he who fights and runs away will live to fight another day.

Mr. DOUGLAS. I am not running away.

Mr. CLARK. No. However, we can see the handwriting on the wall. To not let this matter be entirely serious, I notice that the Senator quoted from Lewis Carroll. In that connection I wonder if he does not recall these lines also from Lewis Carroll's "Through the Looking Glass," as appropriate and quite pertinent to the mess which the administration has created during 7 years of

inaction in dealing with depressed areas. I am sure the Senator from Illinois will recall these lines:

"If seven maids with seven mops
Should sweep for half a year,
Do you suppose," the Walrus said,
"That they could get it clear?"
"I doubt it," said the Carpenter,
And shed a bitter tear.

Mr. DOUGLAS. I wish to thank my friend from Pennsylvania for his comment, which I do not deserve but which I appreciate. Ever since the Senator from Pennsylvania has joined the Senate, no one has been more faithful or more determined in pushing for the passage of a good bill as has the Senator from Pennsylvania. He deserves as much credit as I do in this whole matter.

Mr. CLARK. Would that it were true, but it is not.

Mr. DOUGLAS. I yield 5 minutes to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, I rise in support of the effort to override the veto. I do so without much hope of success, but I think it is worthwhile to at least make the record of how many Senators disagree with the President in his veto message.

I do not even know if it will turn out to be a majority. I hope it will be a substantial majority. I am afraid it will not be the necessary two-thirds majority. However, I concur in the judgment of my colleagues that it is worth making the effort, anyway.

Let me point out that the bill which we are trying to pass, notwithstanding the action of the President, is not nearly so good a bill as the one which passed the Senate a year ago. It goes further in meeting the President's untenable objections than the bill we passed. Yet when all things are considered, it is clearly a better bill than no bill at all.

I should like to deal with the six unsound reasons given by the President of the United States for vetoing the bill. He says, first:

S. 722 would squander the Federal taxpayers' money where there is only temporary economic difficulty.

Yet it is clear to the most casual observer that the bill does not provide 1 cent of money. How can the taxpayers' money be squandered when the bill does not call for an appropriation? Actually, one of the defects in the House bill was that it required appropriations for the loan funds instead of permitting them to be financed through borrowing from the Treasury. I think any junior high school student would know that the President was wrong when he said an authorization bill would squander the taxpayers' money. Surely a man cannot have served for 7 years in the White House and be unaware of the distinction between an authorization bill and an appropriation bill. Equally clear, if the President believes the bill calls for too much of an authorization, all he has to do is either to propose a smaller appropriation or not spend the money if Congress ignores his will. So the first reason given by the President is clearly untenable.

Second, he says that Federal participation up to 65 percent on industrial projects as a loan is excessive. Yet, again, this is not a requirement; it is a ceiling. The administrator appointed by the President would not have to make a loan of more than 5 percent, if he did not want to. The 65-percent ceiling, in my judgment, was desirable, as anyone who has taken the trouble to travel through the depressed areas, which the President has not done, would know.

So it should be equally clear to a student in high school that the objection to a 65-percent limit is not tenable, because 65 percent is not a requirement; it is a ceiling. Again, the President's own administrator could determine how far it was desired to have Federal participation go.

The President's third objection is to the inclusion of loans for machinery and equipment, in addition to lands and buildings. This provision he thought unwise and unnecessary. Again, this provision is not a directive; it is merely an authorization. Again, the President's own administrator could determine not to make a single loan for machinery and equipment, if he did not want to make it. Anyone who has traveled through the depressed areas of West Virginia, Pennsylvania, and Kentucky which the President has not done will realize the critical condition of the economies in those communities, and will, I believe, conclude that there will be many cases where loans on machinery and equipment would be not only wise but also sound. But, in any case, they would not have to be made.

So I say again that any junior high school student who studied the President's veto message carefully would see that there is no merit in the President's third objection.

The President's fourth objection is that loans for public facilities are unnecessary because such assistance is available under another program. That is not true. The community facilities program has run out of money. True, the President has asked us to replenish it, but there is no priority in that program for areas of heavy unemployment that would have been helped under this bill.

The PRESIDING OFFICER. The time of the Senator from Pennsylvania has expired.

Mr. CLARK. Mr. President, may I have 3 additional minutes?

Mr. DOUGLAS. I yield 3 additional minutes to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, as I have said, the funds for loans for public facilities are not now available. Certainly the President must know this. Certainly he must also know that even if he got the funds he has requested, through the authorization process and then through the appropriation process, for the Federal loans for public facilities, there is no authority which is meaningful to assist depressed areas. Therefore, I believe that any reasonably intelligent teen-age boy or girl would recognize that this objection of the President is simply untenable.

Fifth, the President says that provisions for loans for the industrial development of rural areas are incongruous and unnecessary. I suggest that the President has not stopped shooting quail long enough to go out and look at some of the rural areas close to where the big plantations of some of his Republican friends are located, where the desperate need and the poverty-stricken condition of their inhabitants, together with their inability to obtain an income from the produce of their farms sufficient to support themselves in any standard of decency, constitute a shocking national disgrace.

Therefore, I say that anyone, regardless of his age, who undertakes to study this objection must come to the same conclusion: that the President's fifth reason for vetoing the bill is wrong.

Finally, the President objects to the creation of a new Federal agency. He says it is not needed and would delay the program. In this case, perhaps, theoretically, one could make a strong case for the President. Actually, there would not be any more employees. There would have to be the same number of employees if the program were conducted in an existing agency. There would be no saving to the taxpayer by having the program administered by the Department of Commerce. I believe most people in the administration know why a new agency was proposed in the bill. It was done because the whole administration, from the Secretary of Commerce through the Secretary of the Treasury to the Director of the Bureau of the Budget—and all down the line—is publicly opposed to any program of this kind. If it were placed in the Department of Commerce, that Department would kill the program. That is why a new agency was proposed.

However, there will be a new administration in January, and there will be a new Secretary of Commerce. I hope he will have a little more compassion in his soul than his predecessors had.

If this were the only objection to the bill, we might be able to meet the President on the ground that, organizationally speaking, this arrangement might be satisfactory.

So I think it must be abundantly clear that none of these six reasons given by the President for vetoing the bill would convince even a reasonably intelligent adolescent who wanted to study the problem.

I turn now, briefly, to that double standard, of which the Senator from Illinois and the Senator from Alaska have spoken so eloquently on the floor during the past few weeks. It is all right to take care of the depressed areas in Ceylon, in Formosa, in Vietnam, in India, and elsewhere. That is all right; it is patriotic. But to take care of people in the United States is socialistic and wrong. The cynical nature of this untenable position must be clear to all Americans.

I shall vote for the foreign aid program, in view of the current world crisis in world affairs. I shall vote for every cent the President ask for the foreign aid program. However, I believe it is utterly

indefensible to say at the same time that we will not do anything for American citizens because of an alleged "squandering" of taxpayers' money particularly at a time when no real effort has as yet been made to bring in the billions of dollars of additional revenue which are available through adequate tax enforcement and for closeup of iniquitous tax loopholes.

Finally, let me speak about the President's somewhat—well, I will not use the adjective of which I was thinking. Let me talk about his profound hope that sound new legislation will be promptly enacted.

I do not want to question anybody's motivation, but, again, I think it is abundantly clear that any reasonably intelligent high school youngster would know that there will be no new legislation on this subject enacted at this session of Congress. Why? Because it is not possible to get one Republican vote in the House Rules Committee to report a bill in that body. Two conservative Democrats and the four northern Republicans are ganging up together to make it impossible to pass any bill of this kind in the House.

I see my colleague from Pennsylvania [Mr. SCOTT] on his feet. If he thinks I am not right, let him go over to the body, where he served with such distinction, and get a bill passed in the House. Then I will undertake, with the help of my friend from Illinois, to help get it passed over here. Let us not kid ourselves. It is the Republican Party in the House, headed by CHARLEY HALLECK, which is preventing the bill from going through that body at this session of Congress.

I take it my colleague [Mr. SCOTT] desires to speak on the subject, so I yield to him.

Mr. SCOTT. Mr. President—

The PRESIDING OFFICER. The time yielded to the senior Senator from Pennsylvania has expired.

Mr. SCOTT. Mr. President, I should like to have some time.

Mr. DIRKSEN. Mr. President, I yield 10 minutes to the distinguished Senator from Pennsylvania [Mr. SCOTT].

The PRESIDING OFFICER. The junior Senator from Pennsylvania is recognized for 10 minutes.

Mr. SCOTT. Mr. President, I understand that my colleague [Mr. CLARK] has yielded the floor.

Mr. CLARK. Yes. I thought my colleague wished to ask me a question.

Mr. SCOTT. I should like to direct a question to my colleague from Pennsylvania.

I think it extremely unfortunate that we inject politics into this issue, because the senior Senator from Pennsylvania and myself are arguing for the same thing.

Mr. CLARK. Of course, my colleague feels that way about the colloquy on yesterday also; does he not?

Mr. SCOTT. I shall confine my remarks to today's colloquy.

I said that the senior Senator from Pennsylvania [Mr. CLARK] and I are arguing for the same thing, namely, for the passage of an effective bill to aid

depressed areas and to relieve the problem of chronic unemployment. To me, the unemployed are not to be considered as either Republicans or Democrats. Instead, they are to be considered as unemployed.

Mr. CLARK. Unfortunately, most of them are Democrats.

Mr. SCOTT. Certainly, the passage of a bill to aid the unemployed is desperately needed.

With that fact in mind, my colleague has referred to my 16 years of service in the other body, some of it on the Rules Committee. He knows very well that if I were presently a Member of the House and a member of its Rules Committee, my vote would be in favor of a distressed areas bill.

Mr. CLARK. I am sure it would.

Mr. SCOTT. But in my considered opinion, my colleague has gone a little too far, as he is sometimes tempted to do—because he is an earnest and extroverted and intelligent gentleman—in suggesting that the present minority members of the House Rules Committee would automatically vote against any distressed areas bill.

Mr. CLARK. Will my colleague yield?

Mr. SCOTT. One moment, please.

I would suggest that the administration bill, which was sent here, and was introduced in this body and in the other body, was introduced in the other body, at the direction of the minority leader, by Representative WIDNALL, of New Jersey; and it bears the stamp of the approval of the administration. Although it is not, in the opinion of either Senator from Pennsylvania, precisely what we would like, I have no doubt that the minority members of the House Rules Committee would lend the necessary support to the reporting of that bill to the floor of the House. It would be my hope that in so doing, it would come under an open rule, and therefore would be subject to amendment.

But I do hope the senior Senator from Pennsylvania will revert to the position which both he and I have heretofore taken, namely, that the important thing is to get a bill. I am going to ask for hearings on my own bill and on the administration bill and on any other bills which may be introduced by Members on that side of the aisle; and I am prepared to support any bill that we can get out of committee, if the bill is pointed toward the areas of need.

I ask the senior Senator from Pennsylvania whether he is prepared to make as comprehensive a statement as that.

Mr. CLARK. Mr. President, the calm, judicious, and nonpolitical approach made by my distinguished junior colleague moves me, as it always does. Needless to say, I would support any meaningful bill, and would stand, if not shoulder to shoulder, at least at arm's length with my colleague from Pennsylvania in working to get such a bill through.

But, again, I say to my good friend that the place to get that done is in the other body; and I urge my good friend to use his good offices, as a former Member of the other body, with the quarreling factions over there, so we can get from

the House a bill which we can accept over here, instead of going through the futile gesture of having the Senate pass a bill, and then have it die in the House of Representatives because the Rules Committee will not support it.

Mr. SCOTT. Mr. President, as a former Member of the other body, let me say that when one leaves that body and makes the journey down the long corridor to this body, he often is regarded in the other body as a stranger far from home, and does not have in that body any exceptional influence—and perhaps not in this body, either.

Mr. President, I rise to do something which I very much dislike to do, because I am caught between my loyalty to the President and my conviction that something must be done for the unemployed.

I do not accept the suggestion of my colleague from Pennsylvania [Mr. CLARK] that there is any absence of compassion on the part of the administration or the officers of the Cabinet. The Secretary of Labor, Mr. Mitchell, has visited the areas in Pennsylvania, and has indicated that he is aware of the problem, and that he fully supports as considerable aid as can possibly be obtained by the Congress to the depressed areas; and a committee headed by the Assistant Secretary of Commerce, Mr. Ray, has reached the same conclusion.

The fact that the President has compassion for these areas makes it almost incredible that anyone would suggest that President Eisenhower is not a compassionate man. His compassion has been demonstrated long before those who now make the most noise about the problem became aroused in the interest of this cause.

On several occasions the President announced that he would support and would approve a bill which would meet the needs of the depressed areas, which are concentrated largely in Pennsylvania, West Virginia, southern Illinois, Kentucky, and parts of Massachusetts.

The difficulty was that in the other body, in presenting such a bill, the House Members went far beyond the criteria employed in the Senate bill which had been passed by the Senate, after being introduced by my friend, the Senator from Illinois [Mr. DOUGLAS], and also went far beyond the criteria set forth in the bill which was offered here as an amendment, but was not accepted; and the House increased the number of regions to which such assistance theoretically would have been applicable.

Without impugning the motives of anyone, I think that in order to secure a broad area of support for the bill, elements of the pork barrel or the grab bag may have entered into the final bill which went to the President.

The President has submitted another bill.

Assuming that the veto will not be overridden today, I now urge that hearings be held on the President's message, which does go to meet these criteria and these needs; that hearings be held on the bills which may be introduced by Members on the other side of the aisle; and that hearings be held on the Scott bill, which is Senate bill 3568.

I believe that this body and the other body have equal obligations. I believe it is incorrect to say that the only way to get a bill is to have the other body act on it. The other body will have an opportunity to act following the introduction of the bill and its passage through the ordinary procedures. But, in my judgment, if the will exists on the part of both parties over there, we shall get a bill from the House.

Meanwhile, we should not wait and listen to the counsels of futility, which indicate that it is too late to get a bill. It is not too late for either body to take some action on things the people need and on a measure the President has requested. After all, it has not been too late for this body to indulge in all manner of oratory on all manner of subjects.

It is high time for us to get down to an agreement with the President on a bill which will meet the needs of the needy.

I have said that I am torn between my loyalty to the President and my conviction that something for the unemployed must be done. I think it is fairly well known that I got quite a few delegates for the President in 1952, at the convention—delegates greater in number than those represented by many a State. I think it is pretty well known that I love the President and that I support him wholeheartedly in matters of foreign policy, and usually in matters of domestic policy.

But on this issue, I wish to make crystal clear the fact that my support—

The PRESIDING OFFICER. The time yielded to the junior Senator from Pennsylvania has expired.

Mr. DIRKSEN. Mr. President, I yield 10 additional minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 10 additional minutes.

Mr. SCOTT. Mr. President, as I was about to say, I wish to make crystal clear the point that on this issue my support of depressed areas legislation can be made manifest here only by voting to override the President's veto.

This bill, as the President has rightly said, has many faults. This bill, which the President has vetoed, would give less assistance to the unemployed people of my State of Pennsylvania than my \$200 million amendment would have given. It would even give less assistance than the \$50-odd million bill first introduced by the administration. And that has not yet been successfully controverted by anyone.

Therefore, in passing a bill which was in effect a pork-barrel measure, the sponsors of the bill defeated the purpose of depressed areas legislation. And because they did, and because we must fight this issue out, and because I want my record to be clear, and not because I question the accuracy of the President's reasons, or the factuality of the President's reasons for vetoing the bill, but because I want to make it clear I have gone as far as I can on this bill to get out a good bill, I shall do as I have stated.

Then, when the veto is sustained, as, in my judgment, it will be, I am going to

renew my efforts to get a good bill. In my judgment, we can get one, and get it without resort to politics. We do not need political references because, if the bill is passed, the people of the areas involved are going to know it has got to be passed with the support of both parties. The Democratic Party has a two-thirds majority in both Houses. However, the situation being what it is, the support of my party is essential to the passage of a good bill, and that support should be forthcoming.

Mr. JAVITS. Mr. President, will the Senator yield? If he does not have enough time, I shall get some time if it is needed. I have asked the Senator to yield at that point because I am interested in the question of whether any Republican should vote to override. I voted for the bill, and naturally, to be consistent, I would, in the normal course, vote to override. I should like to ask the Senator from Pennsylvania if he agrees with me that the reason why this matter is before us today is solely to make it a political issue, because everybody knows the veto is not going to be overridden. The theory is to say, "Well, the President did the wrong thing," in view of the fact that the administration has put in a bill now to get the legislative process started all over again, which the Senator from Illinois introduced, and of which I am a co-sponsor.

Is it not a fact that Republicans who voted for the bill and who vote to override the President's veto are affirming the fact that we are for depressed areas legislation, and that we are not allowing ourselves to become strictly partisan, and that we intend to follow through to get such legislation, therefore getting some of the political heat out of the issue on the question of overriding the President's veto?

Mr. SCOTT. I will say to the Senator from New York that if some of the Republicans wished to gain the maximum political advantage, the thing to do would be to vote to sustain the President's veto, to assert unequivocally that we support the position taken by the President without reservation, and then turn to the majority party and say, "You are wrong and you must bear full responsibility."

I think, on the other hand, when we feel it necessary to vote against action taken by our President, we indicate that we wish to keep the issue alive on a bipartisan basis, and that it is our duty to insist on hearings, rather than to do nothing and let this become a political issue.

Both the Senator from New York and I are aware of the fact that there are people who would prefer to have issues rather than laws. One of those people certainly is not the majority leader of this body, who has consistently asserted—and I agree with him that the important thing is to get legislation rather than political issues. If we are going to play this straight down the line on the basis that the unemployed need help, in my opinion we are pursuing the right path.

Mr. JAVITS. Would another point served by a vote in favor of overriding be the fact that those who supported the bill know that a bill which involves approximately \$250 million comes a lot nearer the mark, considering what needs to be done, than the measure proposed by the administration, starting with something in the neighborhood of \$60 million?

Mr. SCOTT. Yes. The administration proposed something on the order of \$55 million or \$57 million. It is now proposing an ultimate expenditure of something like \$180 million.

Mr. JAVITS. That is much nearer the mark; is it not?

Mr. SCOTT. That is much nearer the mark. I introduced a bill which would provide for the expenditure of in the neighborhood of \$100 million, and on that I wish to have something to say.

Mr. JAVITS. I thank the Senator for yielding to me.

Mr. SCOTT. Mr. President, on Friday last I introduced without comment a new area redevelopment bill, S. 3568. At that time the Senate was working under a consent agreement which precluded a discussion of my bill.

At this point I desire to include a brief explanation of the bill and give the reasons for its introduction. I ask unanimous consent to have included in the RECORD, following my remarks, a comparison of the area redevelopment bill as vetoed, with revisions incorporated in S. 3568.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SCOTT. Mr. President, I also ask unanimous consent that there be included in the RECORD following my remarks an editorial from the Harrisburg Sunday Patriot-News of May 15, 1960; an editorial from the Philadelphia Inquirer; an article from the Harrisburg Patriot of May 19, 1960; an article from the same newspaper of Saturday, May 14, 1960; and an article from the same paper of May 13, 1960.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. SCOTT. Mr. President, ever since becoming a Member of the Senate, I have been identified with legislation to secure relief for economically distressed areas in my State, and others similarly situated, where persistent unemployment and drying up of financial resources are of many years' duration.

When S. 722 was still in the Senate, and while it was delayed in the House Rules Committee, I urged that we enact a reasonable bill and one that would have a chance of avoiding veto. Efforts were made in the House, and by myself in the Senate, to substitute a revised version, prior to final action on S. 722.

The bill I introduced on Friday is another effort in this direction, in that it would meet the principal objections set forth in the President's veto message of May 13.

There is invitation and encouragement in the President's message to reintroduce

a new bill on which the Congress and the Executive can agree.

Whether or not we can agree on all of the points at issue, I am sure most of us would rather see a revised bill acted upon than no bill at all. The latter would serve only our own annoyance or chagrin, and not the welfare of the people whom we try to serve.

There seems to me not much politics to be made out of the misfortune and misery of our fellow citizens.

I was not advised of the second administration distressed area bill presented. Perhaps if those of us who have fought for area redevelopment legislation—and that goes for those on both sides of the aisle—had been brought into the discussion of a compromise measure, the Scott-Van Zandt bill would not have been introduced; but a compromise between the administration bill and the Scott-Van Zandt bill might have been agreed upon.

However, I am inclined to feel that S. 3568 is the better of the two bills and that it offers a solution which will be acceptable to many of my colleagues. I point out that it relates directly to the areas in need and that the aid could be given promptly. The bill in large part would meet the President's objections to the other bills. I urge it be given prompt attention by the Senate Committee on Banking and Currency, of which my colleague, the senior Senator from Pennsylvania, is a member.

The PRESIDING OFFICER. The time of the Senator from Pennsylvania has expired.

Mr. SCOTT. Mr. President, will the Senator yield me 2 more minutes?

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for an additional 5 minutes.

Mr. SCOTT. Mr. President, I hope that my colleague, the senior Senator from Pennsylvania, with his active interest in this proposed legislation and his influence as a member of the Senate Committee on Banking and Currency, will in good part and in total absence of politics urge that hearings be held, as adequately as may be needed, on the administration bill and on any other bill which may be introduced, including the Scott bill. I assure my colleague I am prepared to testify at any time, and I am prepared to support any reasonable bill which will help to solve the problems of unemployment in Pennsylvania, in West Virginia, in southern Illinois, in Massachusetts or in Kentucky.

Every effort will be made by my colleagues in the House, I am sure, to secure similar action upon a companion measure.

Mr. President, in conclusion I make one more plea. I plead that we try to avoid politics on this issue. I am not a candidate for election in the coming election. Neither is the senior Senator from Pennsylvania. We are both, however, concerned and compassionate, I am sure, when the needs of Pennsylvanians are concerned. Those needs have been

too long neglected. Those needs have been neglected by both bodies of the Congress, despite repeated requests of the President of the United States for compassionate action.

If we are to act, there is ample control in both bodies, through the leadership

and through the committee system, to see that an adequate bill is presented. I do not insist upon my bill. I do not insist upon the administration bill. I do not insist upon any one bill. I simply point out that if no bill is sent to the President reasonably along the lines he

has suggested, the fault will be that of those who do not support the proposed legislation, no matter what may be their party and no matter in which House they may serve.

I thank the distinguished minority leader for yielding me the time.

EXHIBIT 1

Comparison of area redevelopment bills

Subject	S. 722 as passed and vetoed	S. 3568, H.R. 12290, H.R. 12291, and H.R. 12298
1. Organization.....	Separate Area Redevelopment Administration.....	Department of Commerce, with Administrator having Secretary status.
2. Division of redevelopment areas.....	Administrator to designate industrial and rural areas of persistent unemployment and underemployment.	Industrial areas only. No industrial loans for rural areas. (NOTE.—Technical assistance available to rural.)
3. Revolving fund loans:		
Industrial.....	\$75,000,000.....	\$75,000,000. (Reference to purchase of machinery removed.)
Rural.....	\$75,000,000.....	None.
Public facilities.....	\$50,000,000.....	\$25,000,000.
4. Federal participation in loans.....	65 percent.....	35 percent (and not less than 15 percent participation by State, Agency, or instrumentality).
5. Maximum loan period.....	40 years.....	25 years.
6. Grants for public facilities.....	\$35,000,000.....	None.
7. Retraining subsistence payments.....	\$10,000,000.....	\$5,000,000.
8. Vocational training grants.....	\$1,500,000.....	No funds specified. Secretary of Labor to determine needs. Secretary of Health, Education, and Welfare to provide through existing institutions.
9. Technical assistance.....	\$4,500,000.....	\$3,000,000 (also available to rural areas).
10. Criteria of unemployment.....	At least 6 percent at time of application, and 12 percent for 12 months preceding, or 9 percent for 15 of 18 months preceding, or 6 percent for 18 of 24 months preceding.	An average of 6 percent, excluding seasonal, throughout qualifying period, and 60 percent above national average for 4 out of 5 preceding years; or 75 percent above national average for 3 out of 4 years preceding; or 100 percent above national average for 2 out of 3 years preceding.
11. Interest on loans.....	Maximum permitted 2½ percent.....	To be determined by Secretary based on going rates.
12. Cost.....	\$251,000,000.....	\$108,000,000.
13. Urban areas that may qualify for Federal assistance under these two proposals: ¹		
Major.....	40 areas.....	16 areas.
Smaller.....	103 areas.....	48 areas.

¹ Estimated upon current unemployment figures by Bureau of Employment Security, Department of Labor.

EXHIBIT 2

"No" A SECOND TIME, ALAS

The \$251 million depressed area bill, vetoed by President Eisenhower, is not nearly as bad as he made it out. It is, as Mr. Eisenhower's Secretary of Labor, James M. Mitchell, pointed out in a speech at Scranton less than 24 hours before the veto a bill "good enough so that any Senator or Congressman from a State with areas of chronic unemployment would have no alternative but vote for it"—even though it might not be exactly what the individual Senators and Representatives might want.

Secretary Mitchell spoke before an audience of prominent Scranton business and industrial leaders who had worked long and hard for passage of the depressed area bill and who had then appealed to President Eisenhower to sign it. The Secretary's audience was made up of members of the Scranton Chamber of Commerce. (Perhaps it hadn't been emphasized nearly enough that the chambers of commerce at the State and National levels are speaking strictly for themselves, and not especially for the organizations with the same name back in the home communities when, with such great fanfares of publicity, they brand a program of Federal loans and aid for depressed areas as such a terrible thing.)

What the President has done—again—is done.

It is probably impossible for the depressed area bill to be passed over his veto, in either House or Senate, although the majority Democrats probably will go through the motions just for the tremendous political talking point it will give them in the Presidential-Congressional campaign. For the same reasons the Republicans, too, will go through the motions of trying to get action on a new compromise bill that is somewhere in between the inadequate Eisenhower Administration bill and the program the President rejected. With less than 2 months to go and with the makeup of this Congress what it is, it is doubtful that a new

depressed area loan-aid bill can be achieved the second time around. Just the same, Republican Senator SCOTT and Republican Representative VAN ZANDT deserve all the "good luck" wishes they can get as they make the attempt. They deserve, too, the support of Pennsylvania's Democratic Congressmen, who, we are sure, are willing to put party partisanship second and Pennsylvania first on this issue. Pennsylvania, with its chronic unemployment, has a bigger stake in the depressed area legislation than any other single bill that will come before this Congress.

The President, when he gets back home, might support his own Republican Pennsylvania Congressmen—for a change—on this issue. When the Van Zandt-Scott bill is unveiled, the least the President can do is announce publicly whether he's for it or against it.

Secretary Mitchell, after getting a firsthand look at what Pennsylvania's depressed communities have been doing to help themselves, started out his Scranton speech this way:

"One thing I learned today is not to have a preconceived notion about an area. As a result of today, my point of view with relation to Scranton and the people in it has caused me to tear up my prepared speech."

It is a pity it was not the President instead who made the excursion into Pennsylvania's depressed areas. If he had, Mr. Eisenhower probably would have torn up his veto message.

TIME YET FOR AID TO DEPRESSED AREAS

Introduction of two new measures to provide Federal aid for redevelopment of economically depressed areas gives grounds for hope that in spite of politics something may yet be done by Congress this year to meet this urgent need.

President Eisenhower was right in vetoing the \$251 million measure railroaded through Congress by legislators who for the most part were motivated by political considerations. It was an extravagant proposal, which could

have opened the way to inexcusable waste, and probably would have been opposed by many of those who voted for it if there had been any real prospect of its becoming law.

The Administration's move to introduce a new bill that would cost about \$70 million less than the one vetoed, and a still less expensive proposal by three Pennsylvania Republicans, Senator HUGH SCOTT, and Representatives JAMES E. VAN ZANDT and JOHN P. SAYLOR, offer a sounder basis for providing help.

In many areas, this rates as the No. 1 problem. It is certainly high on the list in Pennsylvania, including not only such areas as Pottsville, Uniontown-Connellsville, Wilkes-Barre-Hazleton, and others, but Philadelphia as well.

The revelation the other day that even though job opportunities are high in this city the relief rolls are more overburdened than ever shows the longrun gravity of the problem. It isn't only that new industries must be found in regions where old ones have succumbed but that hundreds of thousands of workers whose old jobs have been eliminated by modern technology must be retrained; and that equally large numbers of totally unskilled jobless must be shown how to make themselves useful.

This is not a temporary economic difficulty. It is one, in fact, that could become increasingly burdensome to a vast number of communities as the pace of technological progress accelerates, unless a systematic program to speed retraining is set up.

In that respect, the administration measure could be strengthened by recognition that the needs of those being retrained must be met somehow until they are competent to find new employment. On one point those supporting the original depressed areas bill are right; it is as important for the United States to deal fairly with its own distressed as it is with those in lands overseas.

Congress should not let politics interfere with this responsibility.

[From the Harrisburg (Pa.) Patriot, May 19, 1960]

TWO AREA AID BILLS SUBMITTED BY GOP (By Milton Jaques)

WASHINGTON.—Two Republican compromise area redevelopment bills were introduced in Congress Wednesday in a move to get action after President Eisenhower's veto last week of a \$251 million measure.

The administration picked a New Jersey Congressman to offer a bill which asked \$180 million, while three Pennsylvanians, led by Senator HUGH SCOTT, presented a \$108 million program designed to meet White House objections. Previously the administration had held to a \$53 million limit.

There was momentary confusion when the Pennsylvanians were confronted with the so-called administration bill at the same time they were going ahead with their own attempt at compromise. They had been given no advance warning that the \$180 million bill was on its way.

Democrats had no immediate comment on compromise efforts in the wake of the President's stern rejection May 13 of their aid program.

The House meantime, Wednesday, was embroiled in the educational bill debate, with no prospects for an attempt to override the President's veto or to consider a new bill for area redevelopment.

In the House, Republicans JAMES E. VAN ZANDT, Altoona, and JOHN P. SAYLOR, Johnstown, introduced the Scott compromise version.

VAN ZANDT said he did not object to the administration bill but thought it would have been better for administration forces to consult with veteran backers of area redevelopment and with the Democratic leadership in the committees handling such legislation.

"It just shows the lack of political understanding of these (administration) people downtown," VAN ZANDT said.

"But the \$180 million indicates the administration is weakening as far as the amount of money is concerned," he said.

VAN ZANDT said if a program is finally enacted it will come only through compromise "because the Democrats can't override the President's veto." It takes a two-thirds vote to override.

VAN ZANDT indicated his bill would not be necessary if the administration and the leadership of both Houses "could work out a bill acceptable to the President."

"They're playing politics with distressed areas," he charged, "and it's not going to satisfy these people who are living on surplus commodities."

Both the administration's version and that drafted by the Pennsylvanians are similar on provisions for administering and allocating Federal aid to community industrial redevelopment projects.

The administration bill, introduced by Representative WILLIAM WIDNALL, Republican, a member of the House Banking and Currency Committee, includes an additional \$100 million authorization to be used by the housing and home finance agency for public facility loans to cities.

The loans would help hard-hit communities with industrial plant construction or "refurbishing" utilities and streets serving industrial sites.

Representative IVOR D. FENTON, Mahanoy City Republican and dean of the GOP State delegation, said he would support either bill "as long as it has a chance of becoming law."

The bills were referred to the House Banking and Currency Committee where a spokesman indicated they faced a chilly outlook.

One of the major differences between the Eisenhower administration's aid program and that passed by Congress is choice of agency for running it. The administration wants the Commerce Department to handle

the program, while Congress sought a new agency similar to the HHFA.

The Scott-Saylor-Van Zandt bill includes \$75 million for industrial loans and \$25 million for public facility loans. It removes Federal aid for purchase of machinery to which the President objected in his veto message.

It also carries \$5 million for subsistence for jobless workers during retraining, \$1.5 million for vocation training and \$3 million for technical assistance to depressed areas seeking new industries.

STATE DEPRESSED AREAS DEPEND ON WHOSE LIST YOU HAPPEN TO READ

(By George Draut)

When are the depressed areas in Pennsylvania under terms of the \$251-million loan-aid bill just vetoed by President Eisenhower?

It depends upon whose list you accept.

The hard-hit coal communities are on everybody's list.

One list reports President Eisenhower's farm is in the "depressed area" of Adams County.

LISTS DON'T JIBE

The U.S. Labor Department has issued one tabulation at Washington.

The Pennsylvania Labor and Industry Department has issued another one here.

They don't jibe.

Various Congressmen involved in the controversy don't agree either.

There's even disagreement on whether Philadelphia and York of the State's main labor market areas would have qualified for depressed area aid under the Democratic bill, with unemployment of more than 6 percent for 18 of the last 24 months.

Yes, says the Labor Department at Washington.

No, says Labor-Industry here.

SEASONAL FACTORS

Philadelphia had 6.6 percent unemployment at last report and York had 6.5 percent, but this was due to "temporary and seasonal factors," the bad weather of March and April which held down construction employment, a Labor-Industry spokesman said. Both areas were under the 6 percent break point last year and probably will be again when this month's report is completed, he added.

But at nearby Scranton on Thursday night, Labor Secretary Mitchell declared in a speech:

"The most obvious fault with this present bill is the broadness of criteria for identifying areas that qualify for loan assistance. Certainly Scranton should not be in competition with New York or Philadelphia for Federal funds. Under the present criteria, that situation could easily occur because of a temporary, seasonal shift in monthly employment figures."

DIFFERENCE IN BILLS

President Eisenhower bore down heavily on the same theme in his veto message. He scored the most striking defect of the bill this way: "It would make eligible for Federal assistance areas that don't need it—thus providing less help for communities in genuine need than would the administration's proposal."

In Pennsylvania, the Democratic bill covered seven more areas than the administration proposal on the Labor-Industry Department tabulations. The seven: Pittsburgh labor market of Allegheny, Washington, Beaver, and Westmoreland Counties; Indiana County; Oil City-Franklin-Titusville, Sharon-Farrell, St. Marys-Emporium, Williamsport, and Wellsboro.

NEW AREAS

That leaves 30 Pennsylvania areas both bills would have included, Labor-Industry statistics show. For the first time, this listing includes as depressed areas, eligible for

aid under administration or Democratic plans, these midstate districts:

Gettysburg and Adams County.

Marysville-Newport (Perry County).

Chambersburg-Waynesboro (Franklin and Fulton Counties).

Huntingdon County.

Labor-Industry refused to disclose the unemployment statistics upon which these tentative depressed area classifications are based. A spokesman argued it would only confuse the public and if they were made public for one area, all of the areas in the State would demand the same information.

OTHERS IN GROUP

Fifteen of the thirty-seven areas named by Labor-Industry as depressed on a tentative determination made on a basis of insured unemployment rates are in this "you'll just have to take our word for it" group. Others are: Bedford, Clarion, Forest City-Montrose, Punxsutawney, Tunkhannock, Waynesburg, Coudersport, Dushore-Laporte, Honesdale, Wellsboro, and Lehigh-Palmerton.

None of them are covered in regular labor market surveys and reports, but the percentage of covered workers drawing unemployment compensation is available for each place. It is this information which Labor-Industry refuses to announce. Total unemployment also includes the jobless who are not eligible for jobless benefits, and this is projected conservatively by adding 1 percent to the cold fact UC jobless total.

OTHERS ON ALL LISTS

The President's home county of Adams has substantially more than 6 percent unemployment right now, the Labor-Industry Department spokesman said, but he refused to reveal what "substantially" is.

It would take a month to 2 months to officially classify any of the areas, he reported.

Other areas of the State, besides those already mentioned, which are classified by all lists as depressed: Scranton, Wilkes-Barre-Hazleton, Pottsville, Uniontown-Connellsville, Erie, Johnstown, Berwick-Bloomsburg, Clearfield-Du Bois, Kittanning-Ford City, Sunbury-Shamokin-Ford City, Altoona, Butler, Lewistown, Meadville, New Castle, and Sayre-Athens-Towanda.

STATE REPUBLICANS READY WITH NEW AREA AID BILL

(By George Draut)

Pennsylvania's Republican Congressmen, fighting against the political disaster of another depressed area bill veto by President Eisenhower, have a substitute plan ready to go.

A compromise bill—in between the \$251 million proposal now on the President's desk and the restricted \$53 million administration program—will be flagged simultaneously in the Senate by Republican Senator Hugh Scott and in the House, probably by Republican Representative James Van Zandt, of Altoona, when President Eisenhower announces his expected veto. The Presidential turndown, second in a row on the long-sought depressed area aid program, may come today.

With the congressional agenda already piled up because of the long civil rights fight earlier in the session and with only 2 months to go chances are very much against a second depressed area bill's clearing Congress. The Dixie Democrat-controlled House Rules Committee even refused to clear the present bill, and it was pried loose only with an extraordinary parliamentary maneuver that probably would not be successful a second time.

But the Republicans will have a campaign talking point to throw against the Democrats in the Pennsylvania campaigning. One GOP leader conceded privately that this will be the only chance to salvage the candi-

dacy of Republican William W. Scranton against the incumbent Democratic Congressman, STANLEY A. PROKOP, in the 10th District. PROKOP ousted the Republican Congressman 2 years ago, largely on the strength of the first Eisenhower veto of a depressed area bill.

The shape of the GOP answer to Democratic campaigning was lined up Thursday by SCOTT.

"We have a conviction," he said, "that the Democrats would rather have a Presidential veto than any program to help our depressed areas."

The new depressed area bill, to be pushed by SCOTT and the Republican Representatives from Pennsylvania, will call for \$125 to \$150 million program with requirements for a depressed area to qualify for Federal loans and grants more stringent than are now laid down in Senate bill 722, which the President will veto.

This will be largely in the pattern of proposals earlier urged in floor debate by SCOTT and VAN ZANDT, along with Representatives JOHN SAYLOR, of Johnstown, and IVOR D. FENTON, of Mahanoy City.

SCOTT insisted Thursday night that he is "sure" the President would sign a bill taking the "Van Zandt-Scott approach."

"Without attempting to quote the President," SCOTT said, "I am perfectly satisfied in my own mind that the President would sign a \$150-million program tailored to meet the needs of the States and regions which have the really depressed areas."

What States or regions?

These would be Pennsylvania, West Virginia, Kentucky, Massachusetts, and southern Illinois, SCOTT said.

Democrats earlier made a point-blank issue of what the President would or would not sign during the debate on Senate bill 722.

At one point, Pennsylvania's Representative JOHN H. DENT asked VAN ZANDT and SAYLOR if they could "promise" that Eisenhower would sign a \$150-million bill. The Republicans said they could not.

The Pennsylvania GOP Congressmen's new depressed area appeal will come in the wake of the unsuccessful appeal by State GOP leaders and Congressmen to President Eisenhower to sign the pending bill.

But at his press conference this week, the President said that the bill, takes a "shot-gun" approach and is "getting to be a pork-barrel bill, as I see it."

Although the President said Wednesday he hasn't made up his mind yet, his decision to veto the depressed area bill is one of the worst-kept "secrets" in Washington.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the minority leader desire that the time be charged to him?

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the time not be charged to either side.

The PRESIDING OFFICER. The Chair understands that cannot be done, under the previous order, for the vote must occur at 2 o'clock.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Mr. President, do I correctly understand that the unanimous-consent agreement calls for a vote at 2 o'clock?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOUGLAS. Then, automatically, any time for the call of the roll would have to come from the time of both sides.

I must therefore object to the request of my colleague from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DOUGLAS. May I ask if the minority leader has any speaker at the present time?

Mr. DIRKSEN. There is a speaker present, but he is not quite ready to proceed.

The PRESIDING OFFICER. Does the senior Senator from Illinois desire to avail himself of any time?

Mr. DOUGLAS. Mr. President, this is an extraordinary situation. We have used approximately an hour of our time. Apparently the minority is not ready to proceed with a discussion in opposition.

The PRESIDING OFFICER. The Chair will state that this time must necessarily be charged to the minority leader or to the majority leader or to both.

Mr. DIRKSEN. Mr. President, I yield 10 minutes to the distinguished Senator from Florida [Mr. HOLLAND].

The PRESIDING OFFICER. The Senator from Florida is recognized for 10 minutes.

Mr. HOLLAND. Mr. President, I intend to vote to uphold the veto of the President and against the bill. I shall not recite the parts of the veto message of which I approve or disapprove. My objection to the bill has already been indicated, when I voted against the bill at the time of its passage. I think it is an unrealistic bill which does not deal properly with the subject matter. It seeks to set off the urban and industrial distress against agricultural situations which in many instances are merely fancied distress, as I shall show in a moment. It does not concentrate upon bringing help to the places where it ought to be brought, where I would be glad to participate in having it brought—such areas as those in West Virginia, in Pennsylvania, in Kentucky and in other States where there has been long, continued, and distressful unemployment. Such situations as those call for the sympathy of every good American.

Mr. President, without belaboring the matter at great length, I simply wish to say that those who are familiar with the bill know that substantially half of the total amount to be provided would be devoted to expenditures in so-called rural counties. The map which is displayed at the rear of the Chamber has been prepared by the Department of Agriculture, as shown by the text, in the effort to carry out the mandate of the bill. As I understand it, the map displayed is relied upon by the advocates of the bill.

Mr. President, I know something about the counties of my own State. I know something about the counties of the States of Georgia, Alabama, and other States shown on the map. I shall simply refer to certain situations in my own State.

Mr. President, this map shows in the most serious classification—branded as serious and shown in pink upon the map, with respect to low income and low living standards—counties in my State which are highly prosperous, which are

doing well, which do not want and do not require any assistance. It would be a travesty for me to vote for a bill which pretends to bring relief to distressed areas, when these counties in Florida are listed among those requiring such aid.

Mr. President, in the bill we note there would be coverage for the County of Escambia, the county in which Pensacola is located, with the great naval air training station and numerous large and prosperous industries there located. Some of those are of recent establishment. That county is one of our fast-growing counties, one of our highly prosperous counties. Anyone who, with the faintest show of seriousness, could describe that county as one requiring aid as a depressed area simply does not know anything about the county.

Mr. President, I could mention several other counties. Let us consider Okaloosa County, where the great Eglin Air Force Base complex is located. In 1950 that was the fastest growing county in our State. It is still one of the fastest growing counties in our State. It is a highly prosperous county. Anyone who could ascribe to that county a characterization as a seriously depressed area simply does not know anything about it.

Mr. President, looking at the map a little further, the county in which our capital is located, Leon County, is indicated as one of the seriously depressed areas. Mr. President, Leon County is a highly prosperous county because, among other things, much of the State business of one of the fastest growing States in the Nation is concentrated in that county. The county and the city of Tallahassee have grown tremendously and are highly prosperous. In addition to the State personnel, Mr. President, two great universities are there located, Florida State University and Florida A and M University. There are many other activities which make that county a fast-growing and highly prosperous area. There is not any semblance of reason for classifying the county as a depressed area needing Federal help.

Mr. President, the county adjoining Leon County is Gadsden County, the county in which much wrapper-leaf tobacco is grown. Gadsden County is generally characterized as perhaps the most prosperous basic agricultural county in our State or in our whole area. That county is shown as a depressed area on this map.

Without laboring the question further I simply wish to call attention to the fact that the county of Alachua, where the city of Gainesville and the University of Florida are located, a highly prosperous and fast-growing county, is also shown as a depressed area requiring assistance under the terms of the bill.

Mr. President, no self-respecting Senator from the State of Florida, no matter how sympathetic he is with situations such as those which exist—and they are terrible—in parts of the State so well represented by the senior Senator from West Virginia [Mr. RANDOLPH],

who is seated by me, could agree that the counties which I have mentioned and others listed in our State are depressed or distressed counties. I do not know why we cannot bring up appropriate legislation which concentrates on the bringing of aid which should be brought and aid which is needed by human beings who are suffering.

I wish to say to my friends from West Virginia, Pennsylvania, Kentucky, and other States where there are actual hard pressed areas that I long for the time when we will have a realistic approach to the problem, and when I can in good conscience vote for a bill which would give them aid.

Without going into great detail, I notice that just above the Florida-Georgia State line, Thomas County, Georgia, is classified as seriously depressed. Thomas County is thriving—it is almost wholly occupied with great plantations which are known all over the Nation.

Thomasville is a city of rapid growth and prosperity, populated by fine people, and they would not appreciate being placed in a category of depressed areas which need the help of the United States to get on their feet.

Going to North Carolina, which I do not know so well, I notice that Henderson County, in which is located the city of Hendersonville, is labeled a depressed and distressed area. Hendersonville is one of the greatest resort cities in our whole southeast, and one of the most prosperous cities, a city teeming with visitors and people spending money, and a city of stable prosperity. In addition the county is a very fine vegetable producing area, which is almost without equal in our whole southeastern area.

Why we cannot be realistic I do not know. I do not think it is necessary to play politics with this venture. I do not think it is necessary to hold out bait to people who are not suffering to influence them to vote for people who are.

This Congress has been noted, and our people have been noted, for coming to the aid of human beings, whether in our country or elsewhere, but particularly in our country, when they are shown to be in distress and in need of assistance. The Senator from Florida wishes always to be counted among those who desire to do that kind of service which he thinks is not only good government, but is decent human consideration and good Christianity.

There cannot be any justification for the approach built into this bill. For that reason, much as I dislike to do so, I shall certainly vote to uphold the veto of the President.

Mr. JAVITS. Mr. President—

Mr. RANDOLPH. Mr. President—

Mr. DOUGLAS. Mr. President, I yield 8 minutes to the Senator from West Virginia.

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from New York?

Mr. RANDOLPH. I wish to cooperate with the minority leader and my colleague from New York.

The PRESIDING OFFICER. The minority leader is recognized.

Mr. DIRKSEN. I yield 5 minutes to the Senator from New York.

Mr. JAVITS. Mr. President, I shall not talk for more than 5 minutes. I am grateful to the Senator from West Virginia [Mr. RANDOLPH]. I have an appointment for 12:45 in the radio section of the gallery.

Mr. President, like other Members of the Senate, I have been vexed as to what to do about this veto. It seems clear to me that the veto will be sustained. Certainly this is clear from the votes in the Senate and the votes in the other body. There are political overtones in the matter of bringing before the Congress this measure, and the delay—which has been symbolized by the cart before the horse—before the measure was brought up is significant.

Nevertheless, I have decided to vote to override for the following reasons: Having tried to work out a compromise on this very critical matter, and coming from the State which is the largest taxpayer in the United States, it would be ill-befitting now to part company with that effort to compromise. I feel I must lend by my vote support for the proposition that we need to stress area redevelopment legislation in about the magnitude which is incorporated in the proposed legislation.

I join in urging favorable consideration of the new administration bill, which I think comes very much closer to meeting the need, and I am very hopeful that after we are through with this proceeding, we shall yet have a bill in this session.

The essence of my position is incorporated in the following: When I voted against the original distressed areas bill because the amount of money involved was far more than was needed, due, I think, to the wrong inclusion of the opportunity for supplying machinery and equipment to the areas which were designated as distressed under the bill, I voted out of a conviction that we should not proceed wastefully. When the bill returned from the House to the Senate it was still in a form containing the machinery and equipment feature which I still thought was entirely wrong, but with the amount very much cut. I felt that with a reduced amount it was very unlikely that any administrator would have any money available for machinery and equipment.

I think the question now is not whether the vote will be large enough to override—I am confident that the veto will not be overridden—but will the vote be large enough to bring about action at this session?

I wish to contribute to that endeavor because I feel that my State with its enormous business complex interested in the general prosperity of the country, there must be a spirit of generosity and understanding of the difficulties in States like Kentucky, Pennsylvania, and other States in which there are depressed areas.

Second, in representing a State which is thoroughly committed to the mutual security idea and to its critical importance to the future of freedom and peace in the world, I feel that I must at the

same time take a sympathetic look at the distressed areas in my own country, and where it is possible to do something about the problem in a way remotely approaching a degree of size and effectiveness, I feel it is my duty to do so. So I am very hopeful that by some Republican votes upon this question we can remove the political colorations which, most unfortunately, I feel, are sought to be placed upon the measure, and that we can affirm by our vote, on this side at least, our desire to cooperate in seeing that there is depressed area legislation at this session of the Congress.

This is also of some importance to a good many communities in New York State. Not only places of lesser population are included in the bill—namely, Amsterdam, Auburn, Elmira, Gloversville, Jamestown, Dunkirk, Newburgh-Middletown-Beacon, Ogdensburg-Massena-Malone; Plattsburg and Wells-ville—but also if unemployment goes up as high as 6 percent, it might conceivably encompass New York City. The bill relates also to the Buffalo, Utica-Rome and Albany-Schenectady-Troy areas.

For all the reasons stated, Mr. President, I shall vote to override the veto.

Mr. RANDOLPH. Mr. President, will the Senator from Illinois [Mr. DOUGLAS] yield some time to me?

Mr. DOUGLAS. Mr. President, I yield 8 minutes to the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, there is a crucial need for the overriding of the President's veto of S. 722. Lengthy and exhaustive hearings have been held; the testimony of expert witnesses has been received; and both bodies of the Congress have deliberated fully the merits of this bill. Therefore, I will address my remarks to the logic and assumptions of the President's veto message.

Mr. President, during the past 2 years, the Democratic leadership in the Congress has compromised in meeting the administration's position on this issue—as well as on many others.

To go further would be to surrender the two-party principle of our Government, and even surrender of the equal status of the legislative with the executive branch. But the President has maintained unyielding opposition. He has recently enunciated his philosophy of representative government as "one-third plus one," and now he lectures the Congress of the United States to the effect that "The people are properly becoming increasingly impatient and are rightfully desirous of constructive action." In this respect, at least, I agree most heartily. Indeed, the people are becoming impatient. The people of West Virginia as well as the people of many other States are becoming impatient. But if there is still no constructive action on this measure, let us by our votes again today declare that the responsibility for inaction rests not with the Congress but with the executive opposition.

The veto message of the President maintains that the passage of S. 722 "would squander the Federal taxpayers' money where there is only temporary

economic difficulty." That is not a correct characterization of the reasons why this legislation is before us. When applied to chronic conditions of human suffering, this is stretching the term beyond the bounds of compassion and understanding. It will bring small comfort to the thousands of willing but unemployed citizens who wish to work, and to their families, in the distressed areas of West Virginia and the neighboring States of Kentucky and Pennsylvania, as well as in many other sections of the country, to be told that theirs is only a "temporary economic difficulty." That is not correctly appraising the situation. It causes me to plead—and I use the word advisedly—for an overriding of the veto.

The President then says that "local, State, and private initiative would be materially inhibited" by the passage of the bill. I can only say that that statement is predicated upon misunderstanding, because it is a misconception of the true character of the people of the State of West Virginia and of the other States. It flies directly in the face of all Federal experience in the use of matching funds. The people in the communities of our distressed areas are not asking for a handout. They are asking for and deserve the opportunity and the means to aid themselves.

I am reminded by the curious logic of the President's veto of one of the prevailing arguments against the establishment of social security during the early days of the New Deal, when I was privileged to be a Member of the House of Representatives. It was maintained then by some persons, in the most serious and lofty fashion, that if men and women had social security there would no longer be an opportunity for the beneficent act of Christian charity.

By the same logic, I presume that the President would find S. 722 sapping the rugged independence of West Virginia's unemployed. That is not true. These people are rugged folk. They desire only an opportunity for gainful employment, and also responsibility under a free government.

They ask for the necessary assistance with which they can help themselves. I know these people. I have more faith in the quality of the American character than those who declare Federal assistance in this instance is leading us down the road to economic instability.

Overreaching all the specific reasons in the President's veto message is the unacknowledged but all-pervasive one which lies at the heart of this message and of so many other vetoes during recent years. I speak of the tragic failure of this administration to acknowledge the meaning of "a more perfect union." We are the United States, Mr. President, in which the effects of economic distress, of unemployment, of inadequate school facilities, and of insufficient care of our aged, are communicated throughout the length and breadth of our Republic.

These are not merely local issues. These are fundamental and chronic problems in many sections of the country which have sapped the strength and vitality of our entire Nation, not only of these particular sections.

I ask every Member of this body to give most careful consideration to the overriding of this veto, because our first obligation is to help maintain the respect of every loyal, law-abiding, hard working citizen of this Nation.

This means that we must give to him an opportunity to use his strength and skill and to put forward his intelligence in some form of constructive labor, to enable him to assume his role as a free man and as a provider for his wife and for his children. No one can gage the dreadful cost in human terms and in the erosion of morale which is brought on by enforced idleness, which I must face in West Virginia, and which must be faced by other Members of the Senate in their areas, when we know these conditions exist in certain sections of our States and of our country.

We have ample statistics on the loss in the gross national product because of chronic unemployment. Indeed, the total cost of S. 722 would be a mere pittance as compared with the cost of the recession of 1958.

Who, I ask, can gage the psychological cost of thousands of skilled men forced into idleness by technological changes, not in the last few months or years, but over a long period of time? Who can gage the cost in self-respect and the dislocation of family life when men, in some instances, leave their families so that their wives—it is tragic, but true—may claim nonsupport and thereby qualify for public assistance? Yet these conditions exist even now as we begin to bask in the glow of the "Fabulous Sixties"—as the coming decade has been described by certain persons.

I hope it will not be considered untimely if I say that we should take a sterner look at the inventory of our national needs. At the present time I refer only to the area redevelopment bill, although there are others which the 86th Congress must face and which deserve our attention by affirmative action during the remainder of the year. The need for S. 722 is immediate and pressing.

Convincing testimony has been given before the committees of Congress, and the Senate and the House have acted favorably. The evidence is set down, not only in the written record, but more grimly in the dulled eyes of men who find no work for willing hands, and in the drawn and desperate faces of their weary wives and hungry children. This is the hour to aid those who deserve our assistance.

Mr. President, in urging that we override the President's veto, I am not taking partisan action for the purpose of creating a political issue, as some of our colleagues on the other side of the aisle allege. Rather, I seek the enactment of legislation—a vitally needed measure.

Neither was I taking partisan action when, on May 12, 1960, I sent a telegram to the President urging him to approve S. 722. In that sincere message to the Chief Executive, I said:

Senate bill 722, incorporating House amendments and providing for a program of area redevelopment, is vitally needed legislation. Your favorable consideration of

this measure is urgently and respectfully recommended. West Virginia and other States need the encouragement and assistance which S. 722 would provide citizens and communities in their efforts to help themselves.

Yes, Mr. President, I sent that telegram to the Chief Executive urging that he sign this second bill passed by the Congress since 1958 to aid distressed areas. But for the second time he maintained unyielding opposition. I urge the overriding of the veto.

Mr. DIRKSEN. Mr. President, I yield 6 minutes to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, I am deeply concerned over the plight of certain areas of this country which are chronically affected by unemployment. I believe strongly that action must be taken to alleviate the conditions in these so-called distressed areas and to achieve a healthier economic status of a continuing nature.

I am in agreement with the President that S. 722 does not do the job effectively and properly. I believe that the bill which he has not approved is wasteful in that it applies funds where they are not needed; harmful in that it would inhibit badly needed local and state initiative and resourcefulness; and unwise in its provisions for financing industrial buildings in rural areas, plant machinery and equipment, sewers, and access roads and the like.

With particular reference to my own State, S. 722 would encourage pirating of industries away from Massachusetts, which is one of the reasons for some of our depressed areas, in the first place. Federal funds must not be used for the stealing of industries from communities which already have and need those industries. I regret that the Senate rejected an administration amendment to S. 722 which would have prevented aid in cases where industries would be shifted between areas.

The fact that the bill which has been returned by the President would stifle local initiative is an important argument in itself against passage of this bill. Cities of the Commonwealth of Massachusetts have a proud record of resourcefulness, energy, and dedication in rebuilding themselves and improving their economic health. These worthy activities might even be penalized by Federal intervention under S. 722 which could aid less diligent areas, and thus discourage self-help and self-sufficiency.

The bill does not focus on the real basic causes of unemployment, and creates in my opinion a dispiriting illusion that simply by the construction of buildings and purchase of equipment jobs can be created on a continuous, deep-rooted and dependable basis.

Furthermore, I feel that S. 722 is discriminatory through unrealistic standards for determining aid. Conceivably, citizens of Massachusetts cities could be forced to aid other areas both inside and outside of the State when their own city itself is in need but does not happen to qualify. For example, a city with 8 percent unemployment might get no benefits while a neighboring city with 9 percent unemployment would get

benefits, as indicated in the minority views of the House Banking and Currency Committee report. Page 31 of this same report states that an area such as Kinston, N.C., would be considered a depressed area under this bill with unemployment of 4.5 percent. It is interesting to note that Pittsfield, Mass., with unemployment of 6.1 percent at the present time, would not be eligible for Federal aid under this bill.

A major provision of S. 722 would grant aid to 663 rural depressed areas. Massachusetts has none of these. This is clearly indicated on page 32 of the House Minority Report. Assuming that this kind of Federal aid is sound in the first place, Alabama would benefit with 55 out of 67 counties eligible for aid. Mississippi would also reap substantial rewards, as would other southern States—524 of the 663 rural areas scheduled for aid under the bill are found in the South.

The State which I represent, in part, would receive disproportionate treatment under the bill. Massachusetts taxes would support the programs established by this legislation without balanced returns, and the opposite ratio would be the case with certain other States. Therefore I believe that Congress should work to pass legislation which does not depend upon arbitrary standards which largely discriminate against already-industrialized areas of the Northeast.

The President has indicated his keen awareness of the need for area redevelopment legislation, and has submitted an administration bill which would fairly and realistically move forward to alleviate unhealthy conditions which we are concerned about—in his own words "truly sound and helpful legislation." He has urged the Congress to enact legislation in this area for 5 years, and expressed his sincere cooperation in obtaining a law within certain general standards, accepting the eligibility criteria originally set forth in the Senate version of S. 722.

I urge my colleagues in the Senate to rise to this challenge of constructive cooperation. I shall vote to sustain the President in his veto of S. 722 for the reasons which I have expressed.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the distinguished Senator from Connecticut.

Mr. BUSH. Mr. President, I shall vote to sustain the President's veto of S. 722, the area redevelopment bill, for reasons I outlined in a statement on the Senate floor on Monday, May 16.

I express again my hope that the majority party will abandon attempts to reap political capital from the plight of areas having chronic unemployment, and will accept the President's offer to cooperate in the enactment of sound legislation which can give genuine, not illusory, assistance to such areas.

I have joined with the minority leader, the able senior Senator from Illinois [Mr. DIRKSEN], and other Senators in introducing S. 3569. Although this is not an administration bill, it was drafted in an attempt to meet the President's major objections to S. 722, and to provide a

sound, workable program to meet the problems of areas of chronic unemployment which are in need of special assistance.

I invite attention to the fact that the new bill flatly prohibits, as I have consistently advocated, the use of Federal funds to assist business establishments in relocating from one area to another. I am confident, Mr. President, that the President's veto of S. 722 will be sustained, and express the hope that the Committee on Banking and Currency will promptly consider S. 3569.

Mr. President, I ask unanimous consent that the text of Senate bill 3569 may be printed in the RECORD following these remarks.

There being no objection, the text of S. 3569 was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Area Assistance Act of 1960."

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that, even during periods of prosperity for the Nation as a whole, some of our communities suffer substantial and persistent unemployment; that such unemployment causes hardship to many individuals and their families and detracts from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment to take effective steps in planning and financing their economic development; that Federal assistance should enable communities to achieve lasting improvement and decrease economic vulnerability by the establishment of stable and diversified local economies; and that new employment opportunities should be created rather than merely transferred from one community to another.

AUTHORITY OF SECRETARY OF COMMERCE

SEC. 101 (a) The Secretary of Commerce, hereinafter referred to as the Secretary, may designate as an area of substantial and persistent unemployment any area certified as eligible for such designation by the Secretary of Labor.

(b) To assist areas in the United States designated as areas of substantial and persistent unemployment, the Secretary is authorized—

(1) to make grants for technical assistance for such areas in accordance with the provisions of section 106(a) of this Act; and

(2) to provide loans for such areas in accordance with the provisions of section 107 of this Act.

(c) The Secretary is also authorized—

(1) to extend the full cooperation of the Federal Government to all areas in the United States (including Puerto Rico) in promoting the more effective use of local resources, in the establishment of new industries based on local resources, and in the expansion of existing industries; such cooperation to be provided through technical advice and consultation and, when necessary, through the conduct of special studies.

(2) to decrease, through grants made in accordance with the provisions of section 106(b) of this Act, the economic vulnerability of (i) towns predominantly dependent on one industry, (ii) small towns which could serve as centers for economic diversification of low-income rural areas, and (iii) other low-income rural areas not subject to assistance as in (ii), by helping them to develop manufacturing, processing, and other

activities calculated to diversify and improve their economies; and

(3) to coordinate his functions under this Act with those of the Secretary of Agriculture and other officials administering Federal programs affecting local economic conditions.

(d) As used in this Act:

(1) The term "United States" includes the several States and the District of Columbia;

(2) The term "State" refers to an individual State or the District of Columbia; and

(3) The term "loan" includes loans, immediate participation in loans, and purchase of evidences of indebtedness.

AUTHORITY OF SECRETARY OF LABOR

SEC. 102. (a) The Secretary of Labor shall from time to time, or upon the request of the Secretary, certify the existence of areas eligible for designation as areas of substantial and persistent unemployment whenever he finds, on the basis of available labor force data, or studies which he initiates when he deems necessary that—

(1) the rate of unemployment in the area, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum and has averaged at least 6 per centum for the qualifying time periods specified in (2) below; and

(2) the annual average rate of unemployment in the area has been at least—

(A) 50 per centum above the national average for three of the preceding four calendar years, or

(B) 75 per centum above the national average for two of the preceding three calendar years, or

(C) 100 per centum above the national average for one of the preceding two calendar years.

(b) In the case of labor market areas for which appropriate historical labor force data have not been compiled, the Secretary of Labor shall certify as eligible for designation as areas of substantial and persistent unemployment those areas in which the unemployment rate and duration, based on a survey of available labor force data, generally equals or exceeds the rate and duration specified in section 102(a).

(c) The Secretary of Labor may also certify under subsection (a) or (b) of this section the existence of eligible areas upon request of any appropriate State government agency, instrumentality, or political subdivision.

(d) The Secretary of Labor is authorized, upon request and whenever he determines that such studies are needed, to undertake, or to provide assistance to others in studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of an area certified under this section.

(e) When skills of the labor force in an area designated under section 101 are not such as to facilitate full utilization of the human resources in such area, the Secretary of Labor is authorized to provide advice and technical assistance in developing and carrying out a program to improve the utilization of such labor force.

(f) Whenever the Secretary of Labor finds a need for vocational education services in an area designated under section 101 and when such area has an economic development program as provided in section 107

(b) (9), he is authorized to assist interested agencies to determine the vocational training needs of unemployed individuals residing in the area, and he shall notify the Secretary of Health, Education, and Welfare of the vocational training or retraining requirements of the area. The Secretary of Health, Education, and Welfare, through the Commissioner of Education, is authorized to provide assistance, including financial assistance when necessary or appropriate, to the State vocational education agency for

the provision of such services in the area. There is hereby authorized to be appropriated not to exceed \$1,500,000 annually for the purpose of providing financial assistance under this subsection.

AUTHORITY OF HOUSING AND HOME FINANCE ADMINISTRATOR

SEC. 103. Title I of the Housing Act of 1949, as amended, is amended by adding the following new heading and section at the end of title I:

"AREAS OF SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT"

"SEC. 113. (a) When the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality (referred to as 'municipality' in this section) is situated in an area designated by the Secretary of Commerce pursuant to the Area Assistance Act of 1960 as an area of substantial and persistent unemployment, and (2) that there is a reasonable probability that with assistance provided under the Area Assistance Act of 1960 and other undertakings the area will be able to achieve lasting improvement in its economic development, the Administrator is authorized to extend financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) The Administrator may provide such financial assistance under this section without regard to the requirements or limitations of section 110(c) of this title that the project area be clearly predominantly residential in character or that it will be predominantly residential under the urban renewal plan.

"(c) Financial assistance under this section may be provided for any project involving a project area including primarily industrial or commercial structures suitable for rehabilitation under the urban renewal plan for the area.

"(d) Notwithstanding any other provisions of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at not less than its fair value for uses in accordance with the urban renewal plan: *And provided further*, That the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations imposed in conformity with the requirements of section 105(b) hereof.

"(e) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested under this section for the completion of such project notwithstanding any determination made after the execution of such contract that the area in which the project is located may no longer be an area of substantial and persistent unemployment.

"(f) Not more than 10 per centum of the funds authorized for capital grants under section 103 after June 30, 1960, shall be available to provide financial assistance under this section."

SEC. 104. (a) The first sentence of section 202(c) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(c) In the processing of applications for financial assistance under this section, the Administrator shall give priority to applications of counties, cities, and other municipalities and political subdivisions for financing needed public facilities in areas determin-

ed to be areas of substantial and persistent unemployment under the Area Assistance Act of 1960: *Provided*, That the Secretary of Commerce certifies there is reasonable probability that with assistance made available under the Area Assistance Act of 1960 and other undertakings such areas will be able to achieve lasting improvement in their economic development; and equal priority to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need; the Administrator shall give a first priority above all others to applications for financing needed public facilities in connection with, and that will directly serve, a project eligible under section 107 of the Area Assistance Act of 1960."

(b) The first sentence of section 203(a) of title II of the Housing Amendments of 1955 is amended to read as follows:

"(a) In order to finance activities under this title, the Administrator is authorized and empowered to issue to the Secretary of the Treasury, from time to time and to have outstanding at any one time in an amount not exceeding \$100,000,000, notes and other obligations, which limit shall be increased by such amounts, not exceeding \$100,000,000, as may be specified from time to time in appropriation Acts."

URBAN PLANNING GRANTS

SEC. 105. Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after "Cities, other municipalities, and counties which" the following: "(A) are situated in areas designated as areas of substantial and persistent unemployment under section 101(a) of the Area Assistance Act of 1960, or (B)."

GRANTS FOR TECHNICAL ASSISTANCE

SEC. 106. (a) In carrying out section 101(b)(1), the Secretary is authorized to make grants for technical assistance including studies evaluating the needs of, and developing potentialities for, economic growth of areas designated under section 101(a). These grants may be made without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529). Appropriations are hereby authorized for these grants in an amount not to exceed \$1,500,000 annually.

(b) In carrying out section 101(c)(2), the Secretary is authorized to make similar grants for the benefit of towns and areas described therein. Negotiations taking into account the financial ability of the grantee and other relevant considerations shall be made for contributions to costs of projects undertaken hereunder. These grants may be made without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529), and appropriations therefore are hereby authorized in an amount not to exceed \$2,000,000 annually.

LOANS

SEC. 107. (a) In carrying out section 101(b)(2) of this Act the Secretary is authorized to purchase evidences of indebtedness and to make loans (including immediate participations therein) to aid in financing any project within an area of substantial and persistent unemployment for the purchase or development of land and facilities for industrial usage, for the construction of new factory buildings, for rehabilitation of abandoned or unoccupied factory buildings, or for the alteration, conversion, or enlargement of any existing buildings for industrial use. Such financial assistance shall not be extended for working capital, for purchase of machinery or equipment, or to assist establishments relocating from one area to another.

(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

(1) The total amount of loans and loan participations (including purchased evidences of indebtedness) outstanding at any one time under this section shall not exceed \$75,000,000;

(2) Such assistance shall be extended only to applicants, both private and public, approved by the State (or any agency or instrumentality thereof concerned with problems of economic development) in which the project to be financed shall be located;

(3) The project for which financial assistance is sought is reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the area of substantial and persistent unemployment wherein it is, or will be, located;

(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms;

(5) No loans shall be made unless it is determined that an immediate participation is not available;

(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment;

(7) No loan, including renewals or extension thereof, may be made hereunder for a period exceeding thirty years and no evidences of indebtedness maturing more than thirty year from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor, or if extension or renewal for additional periods, not to exceed, however, a total of ten years, will aid in the orderly liquidation of such loans or of such evidence of indebtedness;

(8) Each loan shall bear interest at a rate equal to the interest rate currently payable under section 108(e) on advances from the Treasury, plus one-half of 1 per centum per annum for administrative expenses and a reserve for losses on loans;

(9) (A) Not less than 15 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities, and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project shall be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization, as equity capital or as a loan repayable only after the financial assistance hereunder has been repaid in full according to the terms thereof and, if such loan is secured, its security shall be subordinate and inferior to the lien or liens securing the financial assistance hereunder;

(B) Of the remaining 85 per centum of the aggregate cost, 35 per centum of the aggregate cost may be loaned by the Secretary under the terms of this Act and security for such a loan may be subordinate and inferior to the lien or liens which secure any loan or financing other than funds required by section 107(b)(9)(A).

(C) Loans shall not be available hereunder unless other funds are available in an amount which, together with assistance provided hereunder and funds provided under section 107(b)(9)(A), shall be sufficient to pay such aggregate cost; and

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program

for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

AREA ASSISTANCE FUND

SEC. 108. (a) There is hereby authorized to be established in the Treasury of the United States a revolving fund to be known as the area assistance fund (hereinafter referred to as the "fund"), which shall be available to the Secretary for the payment of all obligations and expenses in connection with the loans authorized under section 101(b) (2).

(b) When requested by the Secretary, advances shall be made to the fund from the appropriations made therefor. There is hereby authorized to be appropriated for the purpose of making advances to the fund, without fiscal year limitation, an amount not exceeding \$75,000,000.

(c) Receipts arising from the loan program shall be credited to the fund.

(d) Any moneys in the fund determined by the Secretary to be in excess of current needs shall be credited to the appropriation from which advanced to be held for future advances to the fund.

(e) There shall be paid into miscellaneous receipts of the Treasury at the close of each fiscal year interest on advances to the fund at rates which shall be determined by the Secretary of the Treasury at the time the advances or commitments for advances are made after taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to loans made by the Secretary.

(f) Contributions shall be made from the fund to the civil service retirement and disability fund, on the basis of annual billings as determined by the Civil Service Commission, for the Government's share of the cost of the civil service retirement system applicable to employees (and their beneficiaries) performing activities authorized under section 101(b) (2). Contributions shall also be made to the employee's compensation fund, on the basis of annual billings as determined by the Secretary of Labor, for the benefit payments made from such fund on account of employees performing activities authorized under section 101(b) (2). The annual billings shall also include a statement of the fair portion of the cost of the administration of the respective funds, which shall be paid by the Secretary into the Treasury as miscellaneous receipts.

TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

SEC. 109. Whenever the Administrator shall determine that employment conditions within any area previously designated by him as an area of substantial and persistent unemployment have changed to such an extent that such area is no longer eligible for such designation under section 101(a) of this Act, no further assistance shall be granted under this Act, with respect to such area and, for the purposes of this Act, such area shall not be considered an area of substantial and persistent unemployment: *Provided*, That nothing contained herein shall—

(a) prevent any such area from again being designated an area of substantial and persistent unemployment under section 101(a) of this Act if the Administrator determines it to be eligible under such section, or

(b) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Administrator that such area no longer qualifies as an area of

substantial and persistent unemployment. The Administrator shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

BUDGET AND AUDIT

SEC. 110. In the performance of and with respect to the functions, powers, and duties vested in him by section 107 of this Act, the Secretary shall—

(a) prepare annually and submit a budget program as provided for wholly owned government corporations by the Government Corporation Control Act, as amended; and

(b) maintain a set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided*, That the Secretary with respect to the program of financial assistance authorized by section 101(b) (2) shall determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

AREA ASSISTANCE ADMINISTRATOR

SEC. 111. There shall be appointed by the President by and with the advice and consent of the Senate an Area Assistance Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary may assign.

POWERS

SEC. 112. In the performance of, and with respect to the functions, powers, and duties vested in him under this Act, the Secretary may—

(a) adopt, alter, and use a seal, which shall be judicially noticed; and subject to the civil service and classification laws, select, employ, appoint, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary to carry out the provisions of this Act, and define their authority and duties;

(b) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

(c) under such regulations as he may prescribe, make such findings and determinations as may be required for the proper administration of this Act and such findings and determinations, together with those required to be made by the Secretary of Labor pursuant to section 102 hereof, shall be final and shall not be subject to review in any court by mandamus or otherwise: *Provided*, That with respect to the validity, effect, and enforcement of section 101(b) (2) hereof or security taken thereunder, statutes, rules, and regulations pertaining generally to suits by and against the United States shall be applicable;

(d) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of loans granted under this title, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such loans until such time as such obligation may be referred to the Attorney General for suit or collection;

(e) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or

credit, upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of loans granted under this title;

(f) pursue to final collection by way of compromise or other administrative action prior to reference to the Attorney General, all claims against third parties assigned to the Secretary in connection with loans made by him. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made under this title if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Secretary deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein acquired by the Secretary pursuant to the provisions of this title may be exercised by the Secretary or by any officer or agent appointed by him for the purpose;

(g) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in section 101(b) (2) of this Act; and

(h) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or securities acquired under the provisions of this title: *Provided*, That no attorney's services shall be produced by contract in any office where an attorney or attorneys are or can be economically employed full time to render such service.

ADVISORY BOARD

SEC. 113. To advise the Secretary in the performance of functions authorized by this Act, there is authorized to be created an Area Assistance Advisory Board, hereinafter referred to as the "Board", which shall consist of the following members, all ex officio: The Secretary, as Chairman, the Secretaries of Agriculture, Health, Education, and Welfare, Labor, and Treasury, the Administrators of the Housing and Home Finance Agency and of the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

DEPOSITARIES AND AGENTS

SEC. 114. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Secretary in the general performance of the powers conferred by this title. Each Federal Reserve bank shall be entitled to be reimbursed for all expenses incurred as such fiscal agents. Any banks insured by the Federal Deposit Insurance Corporation, when designated by the Secretary of the Treasury, may act as custodians and depositaries for the Secretary.

PENALTIES

SEC. 115. With respect to financial assistance authorized by this Act:

(a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal defer-

ment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(b) Whoever, being connected in any capacity with the Secretary—

(1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or

(2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Secretary makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft bill of exchange, mortgage, judgment, or decree thereof, or

(3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Secretary, or

(4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Secretary shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(c) As used in this section, the term "Secretary" shall mean, with respect to the lending activities of the Housing and Home Finance Administrator authorized under this Act, the Housing and Home Finance Administrator.

USE OF OTHER FACILITIES

SEC. 116. (a) To avoid duplication of activities and minimize expense in carrying out the provisions of this Act, the Secretary shall to the extent practicable and with their consent use the available services and facilities of other agencies and instrumentalities of the Federal Government on a reimbursable basis.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

CONSULTANTS

SEC. 117. The Secretary is authorized to obtain services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55(a)), at rates not to exceed \$75 per diem for individuals.

ANNUAL REPORT

SEC. 118. The Secretary shall make a comprehensive annual report of his operations under this Act for the fiscal year ending on the preceding June 30, to the President, for transmission to the Congress as soon as practicable in each year, but in no case later than the third day of the following January.

AUTHORIZATIONS FOR APPROPRIATIONS

SEC. 119. In addition to appropriations specifically authorized by sections 106 and 108, appropriations are further authorized for the carrying out of other provisions and purposes of this Act.

The PRESIDING OFFICER. Does the minority leader desire to avail himself of additional time?

Mr. DOUGLAS. Mr. President, if the minority leader has a speaker ready, I shall be glad to defer to him.

Mr. DIRKSEN. Mr. President, I yield 10 minutes to the distinguished Senator from Kentucky.

Mr. COOPER. Mr. President, I thank the minority leader for yielding me time to speak on the President's veto of S. 722.

I shall vote to override the President's veto of S. 722. Since 1957, I have supported bills to provide assistance to the depressed areas of the United States; in fact, I am one of the original cosponsors of S. 722, the bill which has been vetoed and about which we are speaking today.

In 1959, the senior Senator from Illinois [Mr. DOUGLAS] asked me to join with him in sponsoring S. 722. The Senator from Illinois [Mr. DOUGLAS], the Senator from Pennsylvania [Mr. CLARK], the Senator from Maryland [Mr. BEALL], and I introduced S. 722. I have supported this bill and similar legislation as strongly as I could with my votes, in many speeches on the Senate floor, and in consultations with the President of the United States.

I do not intend today to speak at length or in detail concerning the reasons which have led me to support legislation to assist areas of chronic unemployment in the United States. In simple language, I have done so because I know that thousands of men and women are out of work in the depressed areas—some in cities, others in rural communities, many in semirural communities, such as the areas in which the coal industry operates. These people are out of work without fault of their own. Technological changes in industry, mechanization, automation, and the shift of industry from one section of the country to another, have put these people out of work.

The dynamism of our economy and the more effective use of tools—the very factors which have increased the wealth of most of our people in most of the areas of the Nation, have brought unemployment to thousands in the depressed areas.

It has been my position that the growing wealth and prosperity of the Nation, its increased production, its large increase in wages to the organized workers of the country, the increase in personal income and in corporate profits, the increase in investment, and the higher standards of living which have been enjoyed, yes, since 1953, by most of the people of the Nation, are reasons which make it more imperative that those who have prospered and that a rich Nation take action to assist their fellow countrymen who have been left behind in the march of progress.

I have never considered the area redevelopment bill the only means of providing help to these depressed areas and needy people, and I do not believe that my cosponsors have argued that the bill is the perfect answer. But the bill is one means, and it is the only instrument now before the Congress. For that reason, I was glad to cosponsor and to support the bill.

Today, because this bill is one instrument available to us to help those who are in dire need, and because of the prosperity of the great part of the Nation, I think it just, human, and decent to provide a means of developing the areas which have been left behind in the great march of progress in our country.

Therefore, Mr. President, I shall vote to override the President's veto.

Without further discussion of my reasons for supporting S. 722, for I have elaborated them many times in the last 2 years—I now turn to the future.

I think it is generally assumed that the Senate will sustain today the President's veto. The question which then will arise is, What will the Congress and what will the administration do about this problem? Shall we forget it? Shall we sweep it under the rug? Shall we treat it as a political issue? It is a political issue, and I am not so naive as to think it is not. But the fact that it is a political issue is not an argument for deferring until after the November election action to help those who are in need. It would be cynical and cruel if the Congress and, I may say the administration did not work together to produce, this year, a bill to give assistance to these areas. It would be cynical if the veto and the vote on this bill were used simply for politics alone—and no further effort made to secure a bill.

So, Mr. President, I shall appeal, as I have done before, to the majority leader of the Senate, to the majority leader of the House, to the minority leader of the Senate, to the minority leader of the House, and to the President of the United States to consult and to see whether it is possible to agree and work out a bill which can be passed before this session of Congress adjourns.

During the last month I have talked twice with the President of the United States about this legislation. The President told me that he favored legislation, and that he hoped appropriate legislation to assist the depressed areas could be passed.

I find some comfort in section VI of the President's veto message, in which the President says:

Moreover, during the process of developing a new bill, I would hope that in other areas of past differences solutions could be found satisfactory to both the Congress and the Executive.

I would say to my cosponsors and to my friends on the majority side, with whom I have worked so hopefully for 2 years in an effort to secure the enactment of this bill—and they know that I have been loyal in my efforts—that the amount authorized by the bill should not be the decisive factor at issue, because it is hardly probable that a large amount could be allocated and put to work in the next fiscal year.

The PRESIDING OFFICER. The time yielded to the Senator from Kentucky has expired.

Mr. COOPER. May I have 3 additional minutes?

Mr. DIRKSEN. Mr. President, I yield 3 additional minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 3 additional minutes.

Mr. COOPER. On the other side, I point out that the proposal of the administration that the States or local communities advance 63½ percent of the cost of a project is, to my mind, unrealistic. The very fact that these communities are depressed and their tax bases are in consequence adversely affected, make it impossible for such communities to advance two-thirds of the amount needed to initiate business projects.

I hope the administration and the President of the United States will accept the provision of Senate bill 722 that only one-third of the cost shall be advanced from local resources.

Mr. President, while I stand firm in my belief that Senate bill 722 should have been approved by the President, I now urge my colleagues and the leadership on both sides of the aisle to consult with the President during the few weeks remaining in this session of Congress, to agree upon a bill which can be passed, one which will initiate a program that will bring help and relief to those who are out of work. Men and women are out of work, and they and their children are in need; surely they should be the objects of our thoughts today and in the remaining weeks of this session of Congress.

So, Mr. President, I shall not vote reluctantly to override the veto. I vote to override it because a program should be started, and to voice my concern that we take steps to help those who are unemployed and do not share in the general prosperity of the Nation.

I plead with my colleagues and with the leadership to do something in the days which lie ahead to produce a bill which can be passed and approved before this session of Congress adjourns.

At a later date I will speak again, as I have spoken several times during the session, on the elements of a Federal-State program to build up the basic resources of such coal mining areas as eastern Kentucky, West Virginia, and Pennsylvania.

Mr. DOUGLAS. Mr. President, I yield 2 minutes to the senior Senator from Tennessee [Mr. KEFAUVER].

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 2 minutes.

Mr. KEFAUVER. Mr. President, the veto message sent to Congress by President Eisenhower when he returned the area redevelopment bill has little relationship to the needs the bill is aimed to meet.

I recommend to my colleagues the analysis of the President's veto message delivered in this Chamber on May 16 by the senior Senator from Pennsylvania. They will find it on page 9592 of that day's RECORD. I wholeheartedly agree with Senator CLARK that the six points made by the President beg the issue and miss the point.

The point of this dispute, Mr. President, is this: In this country there are hundreds of areas which need help. They are depressed through no fault of

their own. The changing economy and the changing utilization of resources and automation have thrown many out of work.

One of our great national challenges is to increase our productivity. We must keep ahead of the Soviet Union, which we are told is increasing its output by something like 7 percent a year, as compared to our 2½ percent.

But, more than this, we must make our economy fit the needs of our people. It does not meet the needs when millions are unemployed and—worse—unemployable because of industrial changes and because they therefore need retraining.

A great national problem was created when changing industry, migrating industry, and displaced industry left areas full of willing workers no longer competent to contribute to their country's strength and well-being. The most notable example of this has been in the coal mining industry. But it is by no means solely confined to that industry.

This bill is a step toward meeting the national need in this regard. I do not say it is an adequate bill. But it is moderate and it is a step. To end up with no bill, should the President's veto be sustained, or to end up with one scaled down to meet the administration's pygmy requests, would be tragic in the one case and most inadequate in the other.

The vetoed bill would set up a small administrative organization to handle the problem.

It defines areas in need of redevelopment—both urban and rural—and proposes to assist them through loans and participation by the Federal Government.

It will provide low-cost loans and grants to local governments to develop badly needed public facilities.

It provides for gathering of information for depressed areas.

It provides technical assistance to determine needs and set up programs in distressed areas.

It continues the urban renewal programs which have been so successful in rebuilding blighted areas in cities and towns.

Most important, it provides for vocational training for persons who became unemployed by virtue of changing industry in their area.

The bill gives the depressed areas of the Nation an opportunity to retrain their people for new endeavors. It will help industries rebuild themselves. It will help communities rebuild themselves. Most of the cost of the programs—which the President finds excessive, but which I feel is quite the contrary—will be repaid.

I think this is sound national policy. Without it our efforts to keep abreast of Soviet strength will be badly crippled. Even the President recognizes that area redevelopment is sound national policy. But he says redevelopment should be accomplished locally, with local funds. Every expert on local scenes tells us this is impossible.

Even though I look upon this program as sound national policy, Mr. President,

I want to add that few States are in as great a need for it as is my State of Tennessee.

We have two major areas in need of redevelopment help: the Chattanooga and Knoxville sections.

We have two smaller areas of great need: La Follette-Jellico-Tazewell and Bristol-Johnson City-Kingsport.

In addition, 41 of our rural counties are in need of help and would qualify under terms of the bill which Mr. Eisenhower has vetoed.

In all, a total of 1,500,000 Tennesseans reside in these areas. This is 44 percent of my State's population:

In last year's Senate Banking and Currency Committee hearings on this bill, three distinguished Tennessee officials appeared to urge enactment.

The PRESIDING OFFICER (Mr. RANDOLPH in the chair). The time of the Senator has expired.

Mr. DOUGLAS. Mr. President, I yield an additional half minute to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for an additional half minute.

Mr. KEFAUVER. Herbert J. Bingham, executive secretary of the Tennessee Municipal League; Hugh Heatherly, city recorder of La Follette; and Mayor Dwain Peterman of Livingston, told about the depression in the State, especially in the coal mining regions of eastern Tennessee.

They pointed out the staggering loss which the State has incurred in migration of young people—255,000 in the years 1950 through 1957 alone.

They pointed out the folly in the past of trying to finance redevelopment on strictly State and local bases.

They showed that the State of Tennessee and these specific communities simply have not got the resources to do the job alone.

Mayor Peterman summarized their presentation. He said simply: "We need help."

Mr. President, there are areas in every State of our Union which echo his words: "We need help."

We must meet this national problem by voting to pass this measure despite the President's objections.

Mr. DOUGLAS. Mr. President, I yield 3 minutes to the Senator from Missouri [Mr. SYMINGTON].

The PRESIDING OFFICER. The Senator from Missouri is recognized for 3 minutes.

Mr. SYMINGTON. Mr. President, as a cosponsor of the area redevelopment bill, I was much disappointed that the President saw fit to veto it again.

I cannot agree with the President that many of the economic difficulties covered by this bill are temporary.

Nor do I agree that the bill would impair local initiative. It would, in fact, increase it.

I have been in many distressed areas in the last few months, and have talked with many of the people concerned with their development.

They do not lack initiative. They lack money.

And that is precisely what this bill, vetoed by the President, would provide.

Experience has shown that if it is to attract industry, a community must offer good living as well as good business.

It takes more than a new factory building, ready for occupancy. It takes roads, schools, sewers, playgrounds, plus all the other things which make any town a good place in which to live and work.

One of the best investments we can make is in job security for working people.

A plan that will create jobs for American workers is a gilt-edged, blue-chip investment. This is true because the American worker out produces every other in the world.

Since our Nation is now producing at the rate of \$500 billion a year, surely we can afford to insure that no area of this country—and no family—need live under the cruel cloud of continued high unemployment.

Personal security is as important to our freedom as national security.

To attain this job security, every man and woman willing to work should be able to work—at a wage consistent with self-respect.

But the basic question is not whether we spend this money, but how we spent it.

Do we invest it in new jobs and prosperity, as this bill would do? Or do we give it out for relief, unemployment compensation, and the other medications of a sick economy?

Surely, every American would choose the prosperity of production to the emptiness of idleness.

This must be the choice, if ours is to remain the No. 1 economy, symbol of the good life to all the world.

Therefore, I urge we vote to override this veto, and get on with this redevelopment project, which has been stalled for so long.

Mr. DOUGLAS. Mr. President, I yield 4 minutes to the Senator from West Virginia [Mr. BYRD].

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 4 minutes.

Mr. BYRD of West Virginia. Mr. President, I quote a United Press International News Service story, dated May 21, 1960:

PITTSBURGH.—West Virginia, as a result of the 1960 census, will lose at least one of its congressional seats because of declining population, it was revealed here today.

Regional census Director Edgar L. Bryan also said that when complete figures are in from all parts of the country, the Mountain State might lose two of its Representatives.

Although census figures are not expected to be completed for several weeks, Bryan said there was no doubt West Virginia would lose at least one of its seats in Congress.

To magnify this story, I point to the Fifth District of West Virginia. Three of the seven counties in this southern West Virginia district have lost a total of over 40,000 citizens in the past 10 years.

The basic reason for this population loss is the lack of employment opportunities in this particular area.

I use the loss of population in the State of West Virginia as an example of

what is happening in some parts of the country.

The President objects to several aspects of S. 722. He says we should not have a program for rural areas in this country suffering from chronic unemployment. It would be well to note that during the tenure of the present administration farm income has fallen precipitately. On the average, income for the 4,600,000 farms in America was \$32 a week. This is almost unbelievable; but last year the total farm income was only \$11 billion. Take away the food grown on the farm and the rental value of the farm housing and that figure drops to \$7½ billion. The picture would not be so dark were the rural areas to receive aid for industrial development.

The President does not agree with that section of the bill which provides for the retraining of workers. We must be far-sighted enough to realize that unskilled workers, and those with specialized skills, are being displaced by machines. A worker may spend a lifetime learning a trade, and then see that trade, or skill, become obsolete overnight. Not only does this worker have to be retrained in another skill; but there are those workers who must be trained to operate in an automated factory or office. There must be a balance between the number of jobs available and the number of job-seekers. Jobseekers must be equipped to perform in new jobs.

This bill would not provide for Federal handouts, as some opponents say. This would be an investment in the future of the country. Benefits would redound to the people and also to the Federal Government.

Mr. President, we have been asked to provide in excess of \$4 billion to help people overseas; yet, the President proposes an area redevelopment measure of \$53 million here at home. He continues to call for an effective bill—Congress gives him this bill—he does an about-face and vetoes it.

The people of this country want depressed areas legislation. The people of this country wanted the President to sign the bill. Congress met its challenge. The President did not. It is up to Congress, therefore, to override the veto of Senate bill 722.

As of May 1960, there were 40 major areas and over 100 so-called minor areas which could have qualified for loans under this bill. For this reason alone there is certainly need for such legislation.

We are considered the richest nation in the world; yet, we do not meet this responsibility. The civil needs of this country must be met. Not only is Senate bill 722 a sound business investment, but it is also humanitarian in its results.

I urge that this Chamber override the President's veto of the depressed areas legislation.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. May I ask how much time we have remaining and how much time the minority leader has remaining.

The PRESIDING OFFICER. In answer to the Senator from Illinois, the

Senator has control of 14 minutes and the minority leader has control of 27 minutes.

Mr. DOUGLAS. I wonder if the minority leader would be good enough to use some of his time?

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the distinguished junior Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 minutes.

Mr. KEATING. Mr. President, I regret that I find myself in disagreement with the conclusions which the President has reached with respect to this legislation.

I voted against the original area redevelopment bill last year, because I felt it not only went too far, but also was not soundly conceived, and the formula under which the money would have been apportioned to the various States was not a sound one. The vetoed bill, speaking parochially for a moment, would affect and benefit 20 communities in the State of New York, which I ask unanimous consent to outline in the RECORD at this point.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). Is there objection to the request of the Senator from New York?

There being no objection, the outline was ordered to be printed in the RECORD, as follows:

New York State communities which would qualify under the requirements contained in the pending bill, according to statistics supplied by the Department of Labor: Albany, Amsterdam, Auburn, Beacon, Buffalo, Dunkirk, Elmira, Gloversville, Jamestown, Malone, Massena, Middletown, Newburgh, Ogdensburg, Plattsburg, Rome, Schenectady, Troy, Utica, Wellsville.

Mr. KEATING. Mr. President, a most significant feature of the measure now under consideration is the fact that it would provide substantial help to these many harder hit communities in my State. In this respect it is thus a great improvement over the limited number of areas which would have benefited under the original bill considered by the Senate last year.

This bill is also a great improvement in terms of the formula under which funds would be supplied to New York State. Whereas most Federal programs are rigged in such a way as to give my State very much the short end of the stick, this bill provides a much more equitable means of apportioning funds. It gives my State a much better break than usual.

Mr. President, we are enjoying the greatest prosperity in our history. Every index of economic activity is up. Employment is up. It does remain a fact that there are certain areas where there are pockets of unemployment, pockets of poverty, in this country. I believe it to be a legitimate and necessary function of government and a matter of both local and national concern if there is any single man or woman who wants a job—who is ready, able, and willing to work—who cannot find employment. I feel strongly that we should act to provide needed relief to these critical areas of our country.

I have toured through my own State in some of these areas and have witnessed at first hand the need for assistance, which is very real and very pressing. The most significant and fundamental problem which arises is the human suffering which results from having large numbers of persons out of work in limited areas of chronic economic difficulty. The dignity and, in fact, the physical well-being of the affected workers and their families are the real test of the need for this proposed legislation.

In a related sense, Mr. President, this measure is sound because it does not in any way contemplate that affected areas should become "wards" of the Federal Government. I could not for a moment dream of such an arrangement, nor would the communities involved.

We need above all to get these areas over the hump—to give them the technical assistance and loanable funds which will enable them to revitalize and revive their ailing economies. It is clearly both preferable and more economical to provide helpful loans than it is to pass out public relief checks in these depressed areas.

Of course, this bill is no panacea. It merely provides for a little where-withal by means of which these areas can and should be better able to help themselves. It also contains protections against the pirating of industries between States. This is very important and is another reason why this legislation is a very definite improvement over the original bill submitted to us for action.

Mr. President, the doctor has been diagnosing the disease for many months. He has a pretty good idea as to the type of medicine which will help. But he knows that the real and long-run cure depends in the final analysis upon the spirit and desire of the patient.

I believe the measure before us represents a proper vehicle for promoting the economic well-being this Nation needs. It represents a way to do it in line with the proper diagnoses which have been made.

This measure is a moderate but substantial means for the Federal Government to live up to its national responsibilities to eliminate those pockets of unemployment where joblessness has become chronic and depressing. It is not a budget-busting measure. It does meet the human and economic realities of this problem.

I regret we are going through the motions through which we are going. I see no great purpose to be served by this, because it is obvious there are not sufficient votes to override the veto.

For this reason, I am far more concerned about further action on legislation in this field this year than I am about today's vote. I hope the relevant committees of Congress will now get down to work, taking the administration's new bill as the basis for action. What we need is a sound and effective measure that can be passed, that will be signed into law, and that will go into effect very shortly to help these tragic areas of chronic unemployment.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. DOUGLAS. Mr. President, I yield 3 minutes to the Senator from Indiana [Mr. HARTKE].

The PRESIDING OFFICER. The Senator from Indiana is recognized for 3 minutes.

Mr. HARTKE. Mr. President, I thank the Senator from Illinois.

I was shocked and disturbed when I learned of the President's veto of S. 722. His ill-timed and ill-considered veto came on the heels of a legislative message in which the President asked for a bill to help economically depressed areas to help themselves.

This bill would do exactly that. It represents a bare minimum program. It is, in the first place, an authorization bill and not an appropriation measure. In the second place, \$4 out of every \$5 authorized are for loans and not grants. These loans would have to be repaid with interest by local communities which need these funds to augment what they have been able to raise themselves to rebuild sick economies.

Anyone who has availed himself of the opportunity to read figures knows, Mr. President, that there are 31 chronic and acute depressed areas in our country today. Unemployment is about 4 million—more than 5 percent of the available labor force. Regardless of honeyed words and slogans about prosperity and figures from profit statements of certain corporations, a great portion of our Nation is not sharing in this abundance. On the closing day of the first session of this Congress, we in the Senate adopted a resolution directing the establishment of a committee to study unemployment in this country and to report to the Senate. I was named as a member of this committee, which thereafter studied unemployment problems in many sections of the United States—North, South, East and West. It was my privilege to participate in more of the field hearings than any other member.

Certainly no one who heard the pleas of the jobless, who viewed the empty stores and factories, the abandoned mines and silent railroads, who listened to stark statistics and stared into eyes of men whose jobs no longer exist could vote to sustain such a veto. These people do not want handouts. They get surplus food, barely enough to keep their bodies functioning, but food all the same. They have had unemployment benefits. They have walked the streets in search of work. They seek no more handouts. They simply want jobs to be available. They are willing to do almost anything simply to be able to work for a living.

Now, the Committee on Unemployment Problems received a substantial appropriation to study the plight of the jobless, and then was given an additional sum with which to continue certain operations beyond its originally scheduled life. Meanwhile, it has reported findings to the Senate, many of which were agreed to by both majority and minority members. Among these

unanimous findings was the need for an area redevelopment bill.

Was the establishment of this committee, a move supported unanimously by the Senate, a mere idle gesture? Was it merely sop for the 4 million unemployed? If it was merely that and nothing more, it was a waste of time, energy and money. When I sacrificed many days of a vacation period to gather information and to help prepare reports, I felt I was serving a great national need. If the veto is sustained today, there are many who will believe with some cause that our work was, indeed, in vain.

We learned as we traveled the country for these hearings that most of the chronic unemployment areas have tried mightily to help themselves. We learned that some have been successful. We learned that fierce local pride in a few areas among a few organizations resisted any Federal aid. But, by and large, we learned that aid from the Federal Government was solicited and needed.

In my own State of Indiana, there are 5 communities listed among the 31 of the Nation which are severe depressed areas. Many more barely escaped this list.

Permit me for a moment, Mr. President, to point out the particular plight of one city—my own hometown of Evansville. A series of events over which the community itself had no control resulted in the loss, during a comparatively short period, of some 20,000 industrial jobs in a city of 140,000 persons. This city then undertook a complete community evaluation survey. Following this, \$1 million in private capital was raised for potential industrial expansion and \$300,000 for small business risk capital. This has not been enough to solve the problem since workers must be retrained and since unemployment is a problem that knows no community or State boundaries.

It is obvious that the country has an obligation to assist those communities which need help. This is no less a crying need than that which the administration sees as an obligation abroad. It is difficult for me to see how we can justify assisting sick areas overseas while denying sick areas in this country a modest domestic point 4 program. Frankly, our own unemployed, our own suffering businessmen, see their own communities as underdeveloped and in need of assistance. In the name of decency and justice, we must help them.

I hope that all Senators will put aside their feelings of partisanship or their feelings of kinship for the President and will recognize that his veto has been ill-advised. I hope the Senators will support an authorization for loans and grants to needy American communities to help themselves.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). The Senator from Illinois is recognized.

Mr. DIRKSEN. Mr. President, we have only one speaker remaining on this side.

The PRESIDING OFFICER. The senior Senator from Illinois is recognized.

Mr. DOUGLAS. Mr. President, in the language of checkers, I think it is the move of the minority leader.

The PRESIDING OFFICER. The minority leader says he has only one other speaker.

Mr. DOUGLAS. Very well. Since I am forced to use up our time I yield 3 minutes to the Senator from Alaska [Mr. GRUENING].

Mr. GRUENING. Mr. President, in his message returning without approval S. 722, a bill of which I was happy to be a cosponsor, the President had this to say with respect to one part of the Congress-passed area redevelopment program.

S. 722 would authorize Federal loans for the acquisition of machinery and equipment to manufacturers locating in eligible areas. Loans for machinery and equipment are unnecessary, unwise and costly.

These were to be loans repayable in American dollars. Still the President was against them.

A week ago Monday I indicated what the Eisenhower-Nixon administration, operating under its double standard, is telling Congress it must approve to the last penny—or face a special session.

I mention two projects which the Eisenhower-Nixon said were not unnecessary—were not unwise—were not costly—even though they were for projects of exactly the same type as those contemplated under S. 722.

I mentioned two projects which the Eisenhower-Nixon administration said were not unnecessary—were not unwise—were not costly—even though they were for projects of exactly the same type as those contemplated under S. 722.

At that time I mentioned the loan of \$1,350,000 for the Taiwan Aluminum Corporation, repayable in 5 years in New Taiwan dollars.

At that time I mentioned a loan of \$5 million to India, repayable in 15 years in Indian Rupees.

It puzzles me—this double standards. It also nauseates me.

I have been for some time now searching for the distinction between what the Eisenhower-Nixon administration opposes at home but not only proposes, but also insists upon abroad. What can be the basis for this distinction? Does a project take on some special aura because it is to be carried out in some far distant foreign clime?

What is the factor missing from domestic projects? Can it be, perhaps, that the Eisenhower-Nixon administration is opposed to loans repayable in American dollars but prefers loans repayable in soft foreign currencies?

A look at the steadily mounting public debt, at the mounting interest rates, at the Eisenhower-Nixon administration's hard money policies, would cause one to doubt that this can be the explanation for the double standard.

Let us look further. Perhaps an answer can be found if we can but examine another example or two.

Let us consider the loan, under the Development Loan Fund, of \$2,800,000 to Turkey for the Koruma insecticide plant. This is repayable in 10 years at 5½ percent in Turkish lira. What is the

money to be used for? Information from the fund states:

This loan is to be utilized to import machinery and equipment needed to construct a chemical plant for insecticides and related byproduct chemicals.

This also is for a project which would be permitted under S. 722 but which the Eisenhower-Nixon administration has branded as "unnecessary, unwise, and costly" if it were to be carried out at home.

Even after examining this additional foreign project, Mr. President, I must confess that I can still find no reason for the distinction between domestic and foreign projects which would explain the strange attitude of the Eisenhower-Nixon administration favoring foreign projects.

The PRESIDING OFFICER. The time of the Senator from Alaska has expired.

Mr. DOUGLAS. Mr. President, I yield 1 additional minute to the Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska is recognized for 1 additional minute.

Mr. GRUENING. Mr. President, I will further confess that after careful examination of the many projects contained in this book setting forth the fiscal 1961 estimates of the Development Loan Fund, a summary of which I inserted in the RECORD, Monday, May 16. I can still find no reason for the distinction which the Eisenhower-Nixon administration makes between what is needed at home and on what it insists must be given abroad. I for one can discover no reason for such a distinction and I think the American people, when this matter is brought to their attention, will come to the same conclusion.

I could go on indefinitely citing the contradictions of the double standard of the Eisenhower-Nixon administration.

Mr. President, the foreign aid program, is carried on by this administration, is essentially an area development program, but it is an area development program for 104 foreign countries, and we are enjoined by the administration not to cut that program a nickel. If we do, we are threatened with a special session of Congress.

The difference between the program which is sacrosanct in the eyes of the Eisenhower administration and the one before us is that few loans under the foreign aid program are repayable. It consists largely of grants, is badly administered, is gaining the United States few friends, and is 25 times the size of the program which we are considering for our own people at home. So I shall vote to override the veto, calling attention to the undeniable, unanswerable, and irrefutable fact that the Eisenhower-Nixon administration will go down in American history as the first administration to prefer the interests of the people of other lands to the interests of the American people.

Mr. DOUGLAS. Mr. President, since I understand I have only 7 minutes remaining and the minority leader has 24

minutes remaining, I suggest that he use some of his remaining time.

Mr. DIRKSEN. Mr. President, I shall use all of my remaining time at one time, and I respectfully suggest that the proponents of overriding the veto conclude their argument now, and then I shall conclude my argument to sustain the veto.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). Does the Senator from Illinois wish to be recognized?

Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Chair will state to the Senator from Illinois that a time certain has been set for the vote at 2 p.m. If there is a quorum call now, the time for such a quorum call will come out of his time. To rescind the order for the quorum call would require unanimous consent, which might possibly not be forthcoming.

Mr. DOUGLAS. Mr. President, we have been engaged in an extraordinary debate, in which the defenders of the President have really not tried to discuss the bill or justify his actions. Three of the Senators to whom time has been assigned by the minority leader have, in fact, spoken in favor of overriding the veto. I believe only two Republican Senators spoke in favor of sustaining the veto. We have been forced into a situation in which we are using up our time and our opponents are holding back, reserving their remaining time for a final speech. The Senator from Minnesota [Mr. HUMPHREY], who was to conclude the debate for us, is on his way to the Senate Chamber. I suggest, in the interest of good sportsmanship, that the minority leader use some time now and then allow the Senator from Minnesota to speak when he arrives, and then my colleague will have an opportunity to conclude the debate.

Mr. DIRKSEN. Mr. President, only one speaker will address the Senate on behalf of those who wish to sustain the veto, and that will be the minority leader. I prefer to make my remarks continuous and consecutive, and for that reason I respectfully insist that the proponents use their time and then I shall conclude the debate.

The PRESIDING OFFICER. What is the pleasure of the Senate?

Mr. DOUGLAS. The minority leader is pointing a pistol at our heads. He has so manipulated the discussion as to insist upon closing the debate. The Senator from Minnesota [Mr. HUMPHREY] is on his way to the Senate Chamber.

I wonder whether the minority leader would give us a philosophical discussion of the double standard followed by the Eisenhower administration?

Mr. KEATING. Mr. President, will the Senator from Illinois [Mr. DOUGLAS] yield to me?

Mr. DOUGLAS. I do not have the floor.

The PRESIDING OFFICER. The Chair wishes to inform the Senator that time is running. The Chair would like to suggest that the time remaining be split into two equal parts, if that is agreeable.

Mr. DIRKSEN. To that suggestion I must object.

Mr. DOUGLAS. Mr. President, since the Senator from Minnesota apparently will not reach the floor, I will say that this vote is the real test. Members of the Republican minority can talk all they wish about their desire to have an area redevelopment bill. They have balked at every turn, with the exception of a few very gallant and high-minded Senators on the other side, to whom I individually pay tribute. But these fine Senators have voted to work against the overwhelming majority of the Republican Party, which in this body and the other body has voted in overwhelming proportions against similar bills on every occasion. The President has vetoed such bills twice. Now we have a final chance, and we shall welcome 11th-hour and 59-minute converts. We will welcome them. But I do not wish to hear such talk as, "Oh, we are for a bill. We are for a good bill. If we do not override the President's veto, you must do what we want and agree to the bill that we suggest."

Such procedure is legislation by a minority, and I protest against it, not only for the sake of upholding the dignity of this body, but in the best interests of the people of the United States.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. RANDOLPH. Is it not a fact that, in attempting to reach a compromise position, dollarwise, at least, the Senate has yielded to the extent of \$137 million.

Mr. DOUGLAS. That is true; and we have also compromised in making these provisions mere authorizations instead of mandates for bond issues.

Mr. RANDOLPH. Is it not a fact that the legislation on which we shall vote within a few minutes, in reference to the President's veto, is in fact a moderate approach to an overriding problem in many sections of the United States?

Is it not also true that a cursory attention to this problem will not suffice? It is a full-time obligation of the Senate to act on a measure of the moderate proportions of the one which we embrace affirmatively in an attempt to override the veto.

I shall also ask the Senator from Illinois this question—

Mr. DIRKSEN. Mr. President, I rise to a point of order. I have 24 minutes remaining. The vote is scheduled for 2 o'clock. I did not yield any time. I am not accountable for the interplay which was indulged in a moment ago, and I must respectfully insist that I be given my allotted time. If the vote is to be at 2 o'clock, I am entitled to 2 minutes more than the clock presently shows.

Mr. RANDOLPH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. RANDOLPH. I request the opportunity, under a parliamentary inquiry, to say that I did not realize I was transgressing on the time of my friend the minority leader; so if I have failed to observe the rules of debate, I wish to

have him understand it was not my intention to do so.

Mr. DIRKSEN. I understand.

Mr. RANDOLPH. I thought I was contributing to the debate under time still remaining under the time controlled by the senior Senator from Illinois [Mr. DOUGLAS].

The PRESIDING OFFICER. The Chair considers himself at fault. The Senator from Illinois [Mr. DIRKSEN] is recognized for 21 minutes.

Mr. DIRKSEN. Mr. President, in the President's veto message he alludes to the fact that for 5 consecutive years he has asked Congress for legislation in the field of area redevelopment. A bill did get to him in 1958. The amount was rather astronomical. The President found it necessary to veto that bill. Now comes another bill, passed by the Senate and passed by the House, in a reduced amount of \$251 million. The President finds a defect here, and I believe he clearly sets out in his veto message what he regards as defective in the bill.

First, he says the bill includes areas of only temporary need, and points out that the number of areas over and above the administration position were doubled.

Second, he says there is an excessive Federal share, and that about 65 percent of Federal funds can be spent under this program, and only 35 percent either from a proprietary interest of States or localities. He points out that that would diminish local initiative.

He says the bill includes machinery and equipment, and that might be considered a subsidy for those who might move into an industrial plant.

The distinguished Senator from Connecticut [Mr. BUSH] and also the distinguished Senator from New York [Mr. JAVITS] undertook to have that provision removed from the bill in the Senate. However, it remains in the bill now, and it was a proper subject for comment by the President.

Fourth, the President points out that grants and loans for public facilities are provided up to 100 percent of the cost, and he points out that there are a great many areas where, because of tax exemptions, it would be possible for them to finance facilities and projects of a public character.

He pointed out also that the facility loan program of the Housing and Home Finance Agency was underway and that an additional \$100 million in credit had been requested in the form of an authorization to carry on that program.

Finally he said the bill makes 600 or more rural areas eligible for industrial loans, and then pointed to the authority of the Small Business Administration and also the rural development program to operate in that field.

Then he pointed out that it creates a new agency. That is true. It was the President's desire—and I believe also the desire of others—to have this authority located in the Department of Commerce, rather than to create another agency. Everyone knows the proliferating character of a governmental bureau once it is set up. I believe in that respect the President was on good ground.

He urged action on this Congress in his veto message, and he did say that he would set a broader definition of criteria.

There is a new bill, which has been introduced with cosponsorship, and among other things it includes broader eligibility criteria. It adds 1 major area and 11 smaller areas to the earlier bills. There are \$75 million provided in loans for industrial plants. The limits in the bill are set at 35 percent for Federal assistance. Then it doubles the Housing and Home Finance Agency authority for public facilities from \$100 to \$200 million.

A million and a half dollars are provided for vocational assistance, and a million and a half for technical assistance. There is also an authorization of \$2 million for technical aid to rural areas and so-called one-industry towns.

I believe that the President's veto should be sustained, first, because he clearly sets forth defects; secondly, because the attack on the veto thus far has been political in nature.

My distinguished colleague from Illinois, when the veto message was written last week, referred to the message as "ignorant, unduly unctuous, and hypocritical." That is fine language, indeed, to apply to a message from the President of the United States, no matter how one figures it.

It was also said in the course of the Senator's remarks that "in all probability the President did not write the message."

I could point out how many staff members come on the floor to assist Members of the Senate, and I might point out how much assistance is rendered with respect to other statements and speeches and messages that are prepared. Here is the President of 180 million people. I simply say it is in poor grace to say that the President did not write the message. Perhaps he did not. But clearly there was an innuendo in the very statement itself. It was on political grounds also. There was a reference in the speech of last week by my colleague that after the 1959 bill was passed in the Senate, Republican leaders in the House refused to consent to a rule. That puts is squarely on a partisan, political basis.

There is not any question in the mind of anyone who heard the remarks in the Senate this afternoon as to exactly what is being designed.

I sent to the Office of the Official Reporters so that I could quote a little from the remarks of the distinguished Senator from Pennsylvania [Mr. CLARK]. Perhaps I should send for him. However, we have other work to do, we cannot always be sending for Senators. I should like to read from the official transcript a portion of the Senator's remarks:

I do not want to question anybody's motivation, but again I think it is abundantly clear that any reasonable, intelligent high school youngster would know that there will be no legislation on this subject enacted at this session of Congress. Why? Because it is not possible to get one Republican vote in the House Rules Committee to report a bill in that body. The two southern Democrats and the four northern Republicans are

ganging up together to make it impossible to pass any bill of this kind in the House.

"They are ganging up." He does not question the motivation, so he says, but they are ganging up. What do we do when we gang up? Ganging has a peculiar, conspiratorial connotation, if I know anything about the law. However, I will not charge the Senator with the intention to make the implication. I merely say that he is setting the foundation, not I. They set it with a kind of unrestrained language that has been used on the floor. I do not mean to let it go by unchallenged.

My colleague from Illinois referred to the 1959 bill in his address last week, and he came here late in the evening. However I was here and I heard it. There were only a few other Senators on the floor. The Senate was practically vacant, and most of the galleries had been vacated. But with respect to the 1959 bill he said:

There is a coalition of four Republicans and four southern Democrats to prevent a rule.

A coalition, Mr. President—

Mr. DOUGLAS. Mr. President, does the Senator deny the truth of my statement?

Mr. DIRKSEN. No; I do not yield. The language speaks for itself. It is in the CONGRESSIONAL RECORD. How does my distinguished friend from Virginia [Mr. BYRD] think about it?

I have never asked one southern Senator to vote for or against depressed areas legislation. I have never asked one of them to vote one way or the other upon the veto message. But there is my colleague's language. He talks about the message, calling it "ignorant, unduly unctuous, and hypocritical"; and then he talks about a coalition.

Then he goes on to discuss the 1958 bill. The vote was 216 to 170. What was the comment on that vote?

Of the 170 who voted nay, 57 were Democrats—almost all of them southern Democrats.

That is not the language of the majority leader; that is the language of my colleague from Illinois [Mr. DOUGLAS] as it appears in the RECORD. Yes; a coalition; putting it on a strictly political basis, and making light of a serious message by the President of the United States.

Then finally came the vote on Senate bill 722, which passed this body in March and passed the House recently. What was the vote? 202 to 184. It got out of the House by 18 votes. Evidently a number of Members of the House were not persuaded of the merits and the virtues of the bill which was sent to the House and later modified by that body.

What was the vote in the Senate when this bill was passed? We voted on the 23d of March. The bill certainly did not overwhelm the Senate, because the vote was 49 to 46. It got through this body by 3 votes. It got out of the House by 18 votes, despite the frustrations, despite the limitations, despite all the activities at the wailing wall. Evidently there were many Members of the House and Senate who were not persuaded on this point.

The bill which is talked about contains major areas, 40 in number, and 103 smaller areas. What are the major areas? Louisville, Ky. It is no wonder that a distinguished Ohio Representative referred to Louisville as the sweepstakes depressed area.

Atlantic City is included. So are Detroit, Mich.; Albany and Buffalo, N.Y.; Newark, N.J.; and Terre Haute, Ind.

Among the smaller areas, if time permits, I shall refer to only one, in my State, the little town of Olney. The center of population is located at a point, according to the Census Bureau, just a mile north of this town—and it is a lovely town. In the Olney Daily Mail for May 10 a letter was published which refers to an article in the U.S. News and World Report. In the time remaining, let me see if I can read most of it. It is entitled "Well, Come Along," and reads as follows:

At page 125 of the issue of May 16 of the U.S. News & World Report edited by David Lawrence, Olney is referred to as being among the "depressed areas." News to us, Mr. Lawrence. Along with Olney, is placed in the same category our neighbors, Centralla, Harrisburg, Herrin, Murphysboro, West Frankfort, Mount Carmel, and Mount Vernon.

The writer not being too familiar with the prosperity of these neighboring cities, will not venture an opinion as to whether they are depressed areas (which he doubts) or that this designation is just the mouthing of political candidates for office who are trying to garner votes for themselves.

For the information of Mr. Lawrence and any other politicians interested, the combined assets of the two banks in Olney and the Olney Loan & Building Association, as to their last report was \$17,652,000 and of this \$7,084,000 was in savings accounts.

And that is a little town, Mr. President.

I continue to read:

Is this the earmark of a depressed area?

When it became necessary to raze one schoolhouse and build a new one, to build and equip additions to four schools, repair and equip seven schoolhouses, we didn't go down to Washington and beg for Federal funds. Our citizens last fall voted by a big margin a bond issue of \$572,400 and will pay for it out of general taxation.

Is that the earmark of a depressed area?

For several years Olney has been the leader in southeastern Illinois in sales tax collected.

Is this the earmark of a depressed area?

For the further information of the erudite author of the article, Olney has a branch of the International Shoe Co., the Carmi Ainsbrooke factory, both employing numerous people, and a branch of the Prairie Farms Creamery Co., which spends thousands of dollars weekly in payroll and the purchase of milk, the State accounting offices of the General Telephone Co. and many small industries. We could in addition list several oilfields supply and service companies, as well several drilling companies engaged in the drilling of oil wells.

Our chamber of commerce through its activities, is now building a factory for Kex Products, to be occupied this coming fall, at which time it plans to start work upon another factory, which will employ several hundred persons. The money for this is being raised locally, and not by grants from Washington.

Since 1936 the citizens of Richland County have been the recipients of large sums of money monthly for oil royalties, many of its citizens have been employed in the oilfield.

Farmers of the Olney area have been industrious and prosperous, through soil con-

servation practices, bringing our soil to comparatively high fertility.

Thank you, Mr. Lawrence and your political friends. We are not a depressed area, and we resent your insinuation that we are. We are red-blooded Americans, able to stand upon our own two feet, and we do not ask, seek, or want any dole from the Federal Treasury. If we have any problems, we are fully capable of handling them ourselves.

Mr. President, do they want a bill? The new bill has been introduced. It provides for \$80 million. It has been changed in some respects. The machinery and equipment item, to which the Senator from New York [Mr. JAVITS] and the Senator from Connecticut [Mr. BUSH] objected, has been removed. The House version of the bill has been modified and made consistent with the Senate bill. The bill is in the Committee on Banking and Currency. I wrote the chairman of that committee a letter and urged that he summon his committee and take some action on the bill, because it is pending there at present.

I have pointed out what is contained in the bill. For the benefit of the Senate, I shall simply reiterate. It broadens the criteria. It adds 1 new major area and 11 smaller areas to the original administration bill on depressed areas. It provides \$75 million in loans for industrial plants. It limits Federal aid to 35 percent. It doubles the authorization from \$100 million to \$200 million which will be available to the Housing and Home Finance Agency with respect to the program for public facilities.

The bill includes \$1,500,000 for vocational training. It includes \$1,500,000 for technical assistance. It includes \$2 million for technical aid to rural areas and one industrial town.

The bill is pending before a standing committee of the Senate. There is the President's request in the veto message. There he says, "For 5 consecutive years I have asked for legislation, and I hope that before this Congress concludes its labors there will be legislation on this subject."

The bill now before the committee will do the job. Are we going to get action? We have no control of the committee. We have one-third of its membership. What happens finally will have to be energized by the majority. If there is no legislation on this subject, after all these repeated requests, then the responsibility is certainly not on this side of the aisle, because we have asked for legislation and we have refined the bill.

The bill is waiting for action. I earnestly hope that the Committee on Banking and Currency will meet at a very early date, and that the bill will be reported.

Mr. President, the hour of 2 o'clock having arrived, I have completed my statement. I earnestly urge the Senate to sustain the President of the United States, because I think he has made an effective case in his veto message against the bill which is now before the Senate.

Mr. HUMPHREY subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD prior to the vote on the overriding of the President's veto, my statement on the subject, which

urges that the Senate override the President's veto.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUMPHREY

Once again the President has vetoed legislation approved by Congress to bring new life and new hope to thousands of American families in economically depressed communities throughout the Nation.

In so doing, the President ignores the plight of almost 150 American communities with chronic unemployment and lagging economies. He ignores the plight of thousands of men and women without jobs in these depressed and declining communities.

The Department of Labor currently lists 142 areas with substantial unemployment. I have seen the heart-rending human suffering behind the statistics. I have seen this suffering in Duluth and northern Minnesota, and I have seen this suffering in West Virginia and many other communities throughout the Nation.

We have an obligation to assist in alleviating the economic difficulties of these areas. But this administration seems to be more concerned with balancing the fiscal budget than in balancing the budget of human needs. I want to see America's economy thriving. I want to see America's people happy and productive, adequately fed and well housed.

The President's veto is contrary to the desire of the American people that their government promote maximum employment. The Employment Act of 1946 pledges that the U.S. Government will follow policies to promote employment. It does not say that Duluth, Minn., or Charleston, W. Va., or any other city with serious unemployment is not covered by this law.

I say that this administration is ignoring the will of the people by imposing a veto straitjacket on carefully planned legislation to help depressed areas with persistent unemployment.

This administration argues that the Government of the United States cannot afford to help families and communities recover and develop their full economic potential. I say that we cannot afford not to give constructive aid to such communities.

What are we trying to do in this area redevelopment bill?

We are trying to stimulate economic activity with low interest loans for private industry and public projects. With grants for public facilities and technical assistance to help State and local governments and development groups we will increase the number of permanent jobs in depressed communities. And we are authorizing subsistence payments to unemployed workers who go into a training program to acquire new skills to help them find jobs.

How much would it cost?

Of the total \$251 million cost of this program, \$200 million is for secured loans which will be repaid with interest. These loans include \$75 million for redevelopment in depressed industrial areas, \$75 million for redevelopment in depressed rural areas, and \$50 million for public facilities loans.

And I might add that these loans will be made only if there is State and local financial support for redevelopment projects.

Our redevelopment bill provides for direct grants of \$35 million for public facilities and \$4½ million for technical assistance, which includes economic studies and economic planning for economic development in depressed areas. The bill also includes \$10 million for subsistence retraining payments to help the States support unemployed people as they prepare themselves for new jobs.

Let us briefly examine the President's objections to the area redevelopment bill.

First, he says this bill would squander the taxpayers' money where only temporary economic difficulties exist. If a community's economic problems are only temporary, the community will not be eligible for redevelopment assistance as soon as its unemployment rate drops below 6 percent.

Second, he says State, local, and private initiative would be inhibited by excessive Federal participation. Any one who has visited a depressed area knows that local initiative and local resources have been overtaxed and exhausted. If these poverty-stricken areas do not get Federal assistance, they will just not be able to break out of the demoralizing circle of unemployment, declining purchasing power, declining economic activity, and declining tax revenues.

Third, the President says that it is unwise and unnecessary to provide Federal financing for machinery and equipment. If the President is right, this authority will never be used, but I believe that many depressed communities will find occasions when they will have to provide financing for plant and machinery as well as for land and buildings to attract new industries.

Fourth, the President says that loan assistance for public facilities is unnecessary because such assistance is already available under existing Government programs. There is a public facility loan program of the Housing and Home Finance Agency, but there is almost no money available under this program. Furthermore, it seems reasonable to consolidate assistance for depressed areas in one agency, rather than dividing responsibility among executive agencies with differing purposes.

Fifth, the President says that Federal loans for creation of jobs in rural areas are unnecessary. I must disagree with such a conclusion. There are hundreds of rural counties which do need economic redevelopment and rehabilitation just as much as depressed urban areas. Low-income farm families suffer just as much as low-income city families, and usually there is much less opportunity for the rural families to get the welfare services which are available to city families.

Sixth, the President says that creation of a new Federal agency is not needed. Apparently he thinks the Department of Commerce should handle this program. Congress approved establishment of a new agency instead of giving area redevelopment authority to the Department of Commerce largely because of this administration's open lack of sympathy for the objectives of this program.

The area redevelopment bill is a sound constructive approach to economic blight and human suffering in the depressed communities of America. These is no excuse for these conditions being allowed to continue in our wealthy country.

The free people of America can mobilize the strength and their resources—but they cannot do so if the President's veto stops constructive action approved by large majorities in both Houses of Congress.

I urge my colleagues to override this veto.

It is time that our concern for people takes precedence over slogans about balancing the budget. It is time we restore prosperity and hope to those communities and those people who have endured too long the indifference of this Administration to their distress and suffering.

Mr. McCARTHY subsequently said: Mr. President, because of the limitation of time for debate on the depressed areas bill, I was unable to speak before the vote was taken on whether the President's veto should be sustained. Therefore, I ask unanimous consent that these remarks may appear in the RECORD prior to the vote on the veto.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCARTHY. Mr. President, at the end of the last session the Senate established a Special Committee on Unemployment Problems. The nine members were directed to investigate unemployment conditions in the Nation and to give particular attention to areas of chronic unemployment. We were also instructed to report back our recommendations for alleviating the effects of unemployment and for reducing this problem.

The members and the staff worked diligently, and I believe that the report which we submitted last March 30 represents an objective appraisal of the problems. Both the majority and the minority members were in general agreement that unemployment is a serious national problem and that the Congress should take a number of steps to reduce unemployment and to alleviate its effects.

Mr. President, after its study the majority members of the committee reached the conclusion, while a variety of programs are required, that "highest priority be given to the enactment of an effective area redevelopment program." I ask unanimous consent that pertinent paragraphs from the committee's study be printed at this point in the RECORD.

There being no objection, the extracts were ordered to be printed in the RECORD, as follows:

There being no objection, the extracts were ordered to be printed in the RECORD, as follows:

PRIVATE, LOCAL, AND STATE EFFORTS

At nearly every hearing the committee received evidence that local communities are trying to rehabilitate their own areas, to enlarge their economic base, and to provide employment opportunities. The spirit of determination and the vigor of these efforts certainly deserve commendation.

Several thousand industrial development organizations, usually begun as a project of the business community, have been organized in the United States. In labor-surplus areas these organizations often develop into community and regional enterprises, and represent a united business, labor, and civic effort. Funds are raised by individual contributions and by borrowing money and, in some instances, by issuing bonds.

The financial activities of the industrial development groups range from making outright grants to extending credit. The local development organizations often make plant sites and even plant "shells" available to prospective occupants. Some offer technical assistance in advertising campaigns describing community facilities, and detailed counseling in management, production, engineering, and marketing problems.

Every State in the Nation has an agency whose function is to promote economic development. During the past decade a number of States have sponsored statewide privately financed development credit corporations to stimulate industrial growth.

A COMPREHENSIVE FEDERAL PROGRAM

Postwar experience has demonstrated that existing local, State, and Federal programs are inadequate to deal with the serious problems of chronic unemployment and underemployment.

The committee received convincing testimony that communities subject to chronic unemployment cannot solve their problems alone. Most local leaders of business and

labor agreed on the need for Federal action to assist distressed areas. The statement submitted by the Scranton, Pa., Chamber of Commerce is typical:

"While Scranton's industrial development program in itself has infused new life and new hope in its industrial economy and provided jobs for thousands of its people, it is felt, nevertheless, that by itself it is inadequate to overcome a continuing unemployment problem which has plagued the area for so many years that it has become intolerable. It is clear, therefore, that the time has arrived when the resources of the Federal Government itself should be mobilized in one nationwide effort to finally and completely eradicate these pockets of chronic unemployment from our national economy."

The president of the Northeast Pennsylvania Industrial Development Commission also asserted strong support for a Federal area redevelopment bill.

With few exceptions, the mayors and civic leaders of distressed areas testified to the inability of their communities to solve the problem of chronic unemployment. At the hearings in West Frankfort, Ill., five mayors and five representatives of local chambers of commerce asked for Federal action. One of the most effective industrial development groups is the Community-Area New Development Organization (CAN DO) of Hazleton, Pa., described in a special paper written for this committee. CAN DO has collected or borrowed \$6 million from individuals, banks, and the Pennsylvania Industrial Development Authority to assist in locating new industry. But its problems are immense. Approximately 3,000 new jobs were created as a result of community efforts, yet unemployment in 1959 was estimated to be 16 percent of the area labor force. The author of the committee study concluded:

"Because of the magnitude of Hazleton's problem and because of the economic and social costs that accumulate as long as the problem remains (in 1958, for example, over \$5 million was expended in Hazleton for unemployment benefits, and this is aside from the much greater cost in wasted manpower which can never be retrieved) any outside assistance which would accelerate the Hazleton program seems warranted."

The principal rural redevelopment efforts of the Federal Government have in the past been directed toward assisting individual farmers maintain parity of income and providing education and guidance through the county and State extension services. Little has been done on a community or regional basis. Greater economic interdependence and a sharing of social services and facilities have brought farmers and citizens of towns and smaller urban cities closer together, however, and many common problems would probably respond best to a rural-regional approach. The committee heard testimony on the success of the rural-resource development approach of the 15 counties in the Upper Peninsula of Michigan. The Michigan program, under the leadership of the Michigan State University Extension Service, indicates that the traditional roles of the county agent and the State extension services might profitably be reviewed.

A program to help economically distressed areas does not constitute a new area of Federal activity. Such a program is consistent with the spirit and intent of the Employment Act of 1946, and with established Federal policies of helping selected industries. Traditionally, the Federal Government has been active in developing and fostering industries through tariff, subsidy, and tax policies. The 1956 platforms of both major political parties called for Federal legislation to aid economically depressed areas.

No single remedy will cure the deep-rooted problems of chronic unemployment and underdevelopment. A Federal program

must offer various forms of assistance adaptable to the varied needs of the depressed areas. These forms include direct financial aid, technical assistance, training and retraining facilities, urban renewal programs, homebuilding incentives, Government contract preference, a Youth Conservation Corps, and community facilities programs.

Mr. McCARTHY. Other Members of the Senate have pointed out the differences between the analysis of the special Senate committee and the veto message of the President. I should like to add an additional comment on one phase of the veto message, that concerning the rural redevelopment program.

The President stated:

The provisions for Federal loans for the construction of industrial buildings in rural areas are incongruous and unnecessary.

Later in the message the President added:

S. 722 would make a minimum of 600 rural counties eligible for Federal loans for the construction of industrial buildings in such areas. The rural redevelopment program and the Small Business Administration are already contributing greatly to the economic improvement of low income rural areas. Increasing the impact of these two activities, particularly the rural development program, is a preferable course.

Mr. President, I believe that members of the special committee were in complete agreement as to the need for a rural redevelopment program in addition to existing agencies.

The existing agencies are not able and were not devised to solve problems of chronic unemployment that exist in rural areas. Mr. President, this is not a partisan issue. It is simple a fact. In their minority views, the three Republican members of the committee, Mr. COOPER, of Kentucky, Mr. PROUTY, of Vermont, and Mr. SCOTT, of Pennsylvania, stated:

It is a matter of prime importance that an area redevelopment bill be enacted and that it contains means for stimulating local effort.

In specifying conditions for such a bill, the minority members wrote that the area redevelopment legislation should, among other objectives:

Provide for industrial development of rural areas suffering from chronic unemployment or underemployment. Many coal mining areas fall into this category.

I ask unanimous consent that the section of the minority members concerning rural redevelopment be placed in the RECORD.

There being no objection, the extracts were ordered to be printed in the RECORD, as follows:

I. AIDING DISTRESSED AREAS THROUGH AREA REDEVELOPMENT LEGISLATION

It is a matter of prime importance that an area redevelopment bill be enacted and that it contain means for stimulating local effort. Our task is to evolve a practical program which will be assured of approval at this session of Congress.

(k) Provide for loans for industrial development of rural areas suffering from chronic unemployment or underemployment. Many coal mining areas fall into this category.

RURAL AREAS

It is absolutely essential that assistance be provided for rural areas. Many of the coal mining areas are in this category.

Numerous witnesses testified to the gravity of unemployment and underemployment in rural areas. Moreover, studies by the Department of Labor and the Department of Agriculture indicate that the number of farm jobs required in the 1960's will decline further, as they have in the last three decades. If many of the people now living on farms, and especially the young people, are to find a livelihood without moving out of the area it will be necessary to develop industrial activity. This is widely recognized. Work is underway through the rural development program of the Department of Agriculture to improve the situation in these areas, but that program is primarily oriented for technical assistance or for loans for industrial development. Therefore, the minority believe that aid to rural as well as urban areas is essential to the attack on the problem of chronic unemployment.

We recommend that the Secretary of Agriculture and the Secretary of Labor be authorized to develop more effective measures for the identification of chronically depressed rural areas, within a broad provision indicating that they are to be selected from low-income areas with high levels of unemployment and underemployment.

The PRESIDING OFFICER. The question is, Shall the bill pass, the objections of the President of the United States to the contrary notwithstanding?

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BEALL (when his name was called). On this vote, I have a pair with the Senator from New Jersey [Mr. CASE] and the Senator from South Dakota [Mr. CASE]. If I were at liberty to vote, I would vote "yea," as would the Senator from New Jersey [Mr. CASE]. The Senator from South Dakota [Mr. CASE] would vote "nay." I therefore withhold my vote.

Mr. FULBRIGHT. Mr. President, on this vote, I have a pair with the Senator from Alaska [Mr. BARTLETT] and the Senator from Michigan [Mr. McNAMARA], both of whom, if present and voting, would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Nevada [Mr. CANNON], the Senator from Idaho [Mr. CHURCH], the Senator from North Carolina [Mr. JORDAN], the Senator from Wyoming [Mr. McGEE], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Florida [Mr. SMATHERS], and the Senator from Georgia [Mr. TALMADGE], are absent on official business.

The Senator from Michigan [Mr. McNAMARA] and the Senator from Missouri [Mr. HENNINGS] are absent because of illness.

On this vote the Senator from Nevada [Mr. CANNON] and the Senator from Idaho [Mr. CHURCH] are paired with the Senator from Florida [Mr. SMATHERS]. If present and voting, the Senator from Nevada and the Senator from Idaho would vote "yea" and the Senator from Florida would vote "nay."

The Senator from Wyoming [Mr. McGEE] and the Senator from Missouri [Mr. HENNINGS] are paired with the Senator from Georgia [Mr. TALMADGE]. If present and voting, the Senator from Wyoming and the Senator from Missouri would vote "yea" and the Senator from Georgia would vote "nay."

I further announce that if present and voting, the Senator from Wyoming [Mr. O'MAHONEY] would vote "yea."

Mr. KUCHEL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent because of a death in his immediate family.

The Senator from New Jersey [Mr. CASE] is necessarily absent.

The Senator from South Dakota [Mr. CASE] is absent on official business.

The Senator from Hawaii [Mr. FONG] is absent on official business as a member of the official delegation to attend the 150th celebration in Buenos Aires.

The pair of the Senator from New Jersey [Mr. CASE] and the Senator from Maryland [Mr. BEALL] with the Senator from South Dakota [Mr. CASE] has previously been announced. If present and voting, the Senator from Indiana [Mr. CAPEHART] would vote "nay."

The yeas and nays resulted—yeas 45, nays 39, as follows:

[No. 199]

YEAS—45

Anderson	Hayden	Monroney
Bible	Hill	Morse
Byrd, W. Va.	Humphrey	Moss
Carroll	Jackson	Murray
Chavez	Javits	Muskie
Clark	Johnson, Tex.	Pastore
Cooper	Keating	Proxmire
Dodd	Kefauver	Randolph
Douglas	Kennedy	Scott
Engle	Kerr	Smith
Gore	Long, Hawaii	Sparkman
Green	Lusk	Symington
Gruening	McCarthy	Williams, N.J.
Hart	Magnuson	Yarborough
Hartke	Mansfield	Young, Ohio

NAYS—39

Aiken	Eastland	Martin
Allott	Ellender	Morton
Bennett	Ervin	Mundt
Bridges	Frear	Prouty
Brunsdale	Goldwater	Robertson
Bush	Hickenlooper	Russell
Butler	Holland	Saltonstall
Byrd, Va.	Hruska	Schoeppel
Carlson	Johnston, S.C.	Stennis
Cotton	Kuchel	Thurmond
Curtis	Lausche	Wiley
Dirksen	Long, La.	Williams, Del.
Dworshak	McClellan	Young, N. Dak.

NOT VOTING—16

Bartlett	Church	McNamara
Beall	Fong	O'Mahoney
Cannon	Fulbright	Smathers
Capehart	Hennings	Talmadge
Case, N.J.	Jordan	
Case, S. Dak.	McGee	

The PRESIDING OFFICER. On this vote, the yeas are 45; the nays are 39. Two-thirds of the Senators present and voting not having voted in the affirmative, the bill, on reconsideration, has failed of passage.

Mr. DOUGLAS subsequently said: Mr. President, during the discussion of the area redevelopment bill, the distinguished senior Senator from Florida questioned the classification of certain counties in his State as being major problem areas. There was not time at the moment to go into the statistics prepared by the U.S. Department of Agriculture from which the map which I

presented was drawn. Since the vote has been taken, I have had the sources looked up. I ask unanimous consent that a statement which I have prepared on this subject be printed in the body of the RECORD at the conclusion of the vote on the question of overriding the veto of the President of the area redevelopment bill.

Mr. HOLLAND. Mr. President, I have no objection to the inclusion of the statement in the RECORD. My point was that there was no real distress in the areas which I mentioned, and there is none, and that the standards set up by the bill were not, in my opinion at least, sufficient to separate the areas of real depression and distress in the Nation which need help from those which do not, as was true in the case of the counties in my State which I mentioned, and with respect to other counties as well. I thank the Senator.

Mr. DOUGLAS. I thank the Senator from Florida for his very courteous comment. I do not wish to carry this discussion further. However, I will say that the list of 500 or 600 counties merely constitute eligibility under the area redevelopment bill. They do not require the administrator to make loans for new industries in any one county. They merely provided a panel of counties in which the administrator could use his discretion according to relative needs. Therefore the list was in no sense a mandate to the Administrator that remedial loans must be made.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR DOUGLAS

The Florida counties which are shaded pink on the map [not printed in RECORD] which is in the rear of the Senate Chamber were selected by the U.S. Department of Agriculture and listed among the major problem areas, in the study issued by the Department on April 27, 1955, and entitled "Development of Agriculture's Human Resources," now House Document No. 149, 84th Congress.

As reference to the study will show on pages 6, 7, and 8, the map in the Senate Chamber is a faithful and accurate reproduction of the map presented in the study.

In describing the selection of these areas the study states as follows:

"THE MAJOR PROBLEM AREAS

"Farms with low income are found in all parts of the country, but such farms are most numerous in areas of dense rural settlement with high birth rates, where there are few outside jobs, and where topography or other obstacles hinder the use of modern machinery. In some places the land is overcrowded, so to speak. The abundance of hand labor has tended to reduce the incentive for making adjustments which would give the farms higher earning power per worker.

"Problem areas are shown on the map. Of course the nature of specific problems and the range of possible adjustments vary greatly among and within these generalized areas.

"These areas were set up on the basis of three criteria: Net income of full-time farmers, level of living, and size of operation.¹

¹ The criteria by which each State economic area in the low-income and level-of-living areas was delineated are as follows:

1. A residual farm income to operator and family labor in 1949 of less than \$1,000 pro-

Thus areas with incomes under \$1,000, or having a level of living in the lowest fifth of the Nation, or having 50 percent or more of the commercial farms classed as low production, were selected for study. The area colored red on the map shows where all three of these criteria are applied and represents those parts of the country where the problem is more serious.

"These problem areas, so-called, strikingly contrast with the rest of the United States. Within these areas in 1950 there were a million full-time farmers of working age who sold less than \$2,500 worth of products. Out of this gross sum they had to pay expenses and rent as well as family living. They represented about 40 percent of all the farms in these areas. Another 40 percent also sold less than \$2,500 of products but were primarily nonfarmers or were more than 65 years old. Less than a fifth of the farms in these areas produced and sold \$2,500 worth of products.

It is clear from the more detailed statement of the criteria for the selection of these counties found in the footnote on page 8 of the study that the references are to levels of farm income, levels of living on farms and production levels on farms—and the statements of the Senator from Florida, Mr. HOLLAND, about other enterprises not related to farming thus do not contradict the data reported by the Department of Agriculture and shown on the map.

It is true that the data upon which the map was based by the Department of Agriculture are for the year 1949. But it is interesting to note that in the 1957 study by the Library of Congress, 15 of these same counties in northern Florida, including Leon County and Okaloosa County mentioned by the Senator from Florida, are among the 500 counties marked lowest in levels of living of farm operator families for the year 1954.

In addition three more of these northern counties marked pink on the map together with two more counties, Taylor and Valousa in northern Florida but not marked pink on the map, were included in lists of 500 counties furnished to me by the Bureau of the Census in 1956 as among the 500 counties with the highest percentage of commercial farms producing less than \$1,199 and \$2,500 worth of products for sale in 1954.

By any authoritative information we can secure from appropriate governmental agencies, therefore, the data submitted on the map presented to the Senate seems fully supported.

vided the State economic area had a level of living index below the average for the region and had 25 percent or more of its commercial farms classified as "low production." Residual farm income to operator and family labor represents the income (including value of home use) above operating expenses and a return to capital invested in land and machinery. See Strand, E. G., Heady, E. O., and Seagraves, James, "Productivity Levels in the United States," USDA, ARS, Tech. Bul. (in process).

2. A level of living index in the lowest fifth of the Nation. Items in the index include (1) percentage of farms with electricity, (2) percentage of farms with telephones, (3) percentage of farms with automobiles, and (4) average value of products sold. See "Farm Operator Families Level of Living Indexes," by Hagood, M. J., USDA, BAE, 1952.

3. "Low production" farms comprising 50 percent or more of the commercial farms. Low-production farms are those with sales of \$250-\$2,499 with the operator not working off farm as much as 100 days and farm sales exceeding family income from other sources. See "Low Production Farms," Agri. Inf. Bul. 108, by McElveen, J. V., and Bachman, K. L., USDA, BAE, 1953.

provement and modernization of his farmstead. Both are based upon sound financial principles, and each needs to have its operations extended.

The soil and water loan program of Farmers Home Administration has been especially helpful to many of our farmers, in the past, and, in my judgment, as funds and personnel to administer them are made increasingly available, the productive use of this financial resource will again increase.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. HUMPHREY. I merely wish to join with the Senator from Oregon [Mr. MORSE], first in his well-merited commendation of the Senator from Georgia for his great work on this appropriation bill for the Department of Agriculture.

Second, I testified before the Subcommittee on Agricultural Appropriations in connection with the expansion of the crop reporting service, particularly for the crops which were mentioned, that is, the small fruits that are presently not given the reporting services that are required for good economic programming.

The State of Minnesota is one of the 17 States which we call the small fruit-producing States, which vitally need this service. The people have asked me to make representations to the appropriate committees, which I have done. As I understand, and as I have told our constituents, so far as new legislation is concerned, there is adequate authority right now to do this job, and the committees and the Congress have provided funds to make at least a beginning on this job, but the resistance is in the Department of Agriculture where, despite the authority and the funds, no effort has been made to adopt a program. Is that correct?

Mr. RUSSELL. The Department has not approved any part of this program even though it has had substantial support. The Senator from Minnesota [Mr. HUMPHREY] as well as the Senator from Oregon [Mr. MORSE] have both been before the committee on two different occasions, I believe.

Mr. HUMPHREY. The Senator is correct.

Mr. RUSSELL. They have urged some action, and the committee has been impressed to the extent that it recommended in last year's committee report that the Department make some start on reporting on these small-fruit crops.

We feel that in view of the attitude of the Department of Agriculture we are making as much progress as we can at the present time. We will get the year-end report this year—which we have not had before—and we will have submitted next year a program for a more complete reporting service for fruits and berries. I must say, however, that we have no assurance the department will approve such a program.

DIRTY WORK OF DOCTORS OF ALEXANDRIA, VA.

Mr. MORSE. Mr. President, I have received a copy of a letter from Mr. Guy

L. Brown, grand chief engineer of the Brotherhood of Locomotive Engineers, which he has sent to Hon. Arthur S. Flemming, Secretary of Health, Education, and Welfare, in regard to a very sad case of an old person who is living in great misery these days because of a failure, in my judgment, on the part of the Government of the United States to carry out its moral obligation to the old people of America.

I think this case is what we can call a very fitting exhibit of our dereliction as a Congress in respect to a duty which we owe the old people of this country.

I ask that there be inserted at this point in my remarks a letter from Guy L. Brown, grand chief engineer, Brotherhood of Locomotive Engineers, to Hon. Arthur S. Flemming, Secretary of Health, Education, and Welfare, dated May 13, 1960, and a copy of the letter which this elderly person had sent to Mr. Brown, in the first instance, which caused Mr. Brown to write the letter to Mr. Flemming.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

BROTHERHOOD OF
LOCOMOTIVE ENGINEERS,
Cleveland, Ohio, May 13, 1960.

HON. ARTHUR S. FLEMMING,
Secretary of Health, Education, and Welfare,
Washington, D.C.

DEAR MR. SECRETARY: I am attaching a Verifax copy of letter addressed to me by a member of the Brotherhood of Locomotive Engineers living in Alexandria, Va., which as you will see describes one of the most pitiful conditions I have ever seen.

It does not seem possible that a condition such as this can exist in these United States, and my purpose in bringing this to your attention is with the hope that it is evidence that will in turn be helpful in progressing legislation to assist our older citizens who have through no fault of their own arrived in the position in which this man now finds himself. If anything can be done to relieve this specific case certainly it will be appreciated not only by the man himself but by us.

I am furnishing our national legislative representative, Mr. John W. Turner, room 816 Labor Building, 400 First Street, NW, Washington, (phone District 7-7936) with a copy of this letter and also a Verifax of the letter from Mr. Layman. If he can be of any assistance to you do not hesitate to call upon him.

I will appreciate any action you may take.
Sincerely yours,

GUY L. BROWN,
Grand Chief Engineer.

DIRTY WORK OF DOCTORS OF ALEXANDRIA, VA.
To All Members of Our Grand Lodge.

DEAR SIR AND BROTHERS: As I am a retired engine man, 70 years of age. Spent 35 years on engine out of Alexandria, Va., and now nothing but a wreck. I lost my wife in 1955 on Thanksgiving Day. At that time we were both in hospital for 2 months which the doctors, druggists, hospital and undertaker took all my life's savings, left me flat. Since then my health hasn't been any too good and at present time I manage to get to bathroom on two crutches. I draw \$164.20 pension, pay house rent \$107, water, light, and fuel so you see that doesn't leave much to live on, pay doctors and hospitals.

On April 8, 1960, I got down almost helpless in both legs which comes from bad circulation, legs were injured when on engine about 20 years past. Today I sit

here unable to get a doctor to come to my home to examine me or try to give me a little relief, just sit for day suffering with swollen stomach, short of breath, pains in legs severe. And every doctor I call says they don't make any home calls, for me to meet them in the hospital. First place I can't walk on second floor, cannot get down steps and on \$60 how can I get to any hospital, \$25 a day, doctor \$8, ambulance \$10 each way, bottle of pills \$5 or \$10, then other expenses. It is impossible to get any help or relief. Therefore, I sit here and suffer day and night. I have carried hospitalization with American Assurance Society of Richmond, Va., for 30 years or more. When the hospitals jumped to \$25 I was 68. I tried to increase my amount like the younger ones did but nothing doing, so I get \$11 for so many days in hospital. This may not do any good now but do hope it may help some one in the future, or in making laws to help the disabled pensioned men. I have wrote my condition up to Senator BROVHILL and told or tried to show him the dirty work of the doctors in this city right in the shadows of the Capitol doors. I do know that there is cases of illness that requires the hospital and there is an untold number sent to hospital that are not able to pay, that can be treated at home by the doctor and traveling nurses. They are not treating the traveling nurse as they should yet every time you turn around or pick up a paper they are begging for donations to build another hospital. The doctors have a hospital here but a poor man cannot stand their fees.

It sure looks hard. I owe no man one cent, have no bills whatever and in my old age and crippled up I can't get a doctor to come in and wait on me. The doctors call at home all out through the country but nothing but colored doctors will call in Alexandria and but few of them only treats venereal diseases and the whites is afraid of them. About all they give you is a bottle of dope to numb you. I have one of them next door to me here.

If you see fit at any time to put this where it can cause laws to be made to give us disabled men some medical help you can use every word of this with my name signed to it as I can prove it. There sure must be a clique between the doctors and hospitals and half the time in Alexandria hospitals halls are full of maternity cases, and maybe a curtain around you a few minutes then move it to another one. And the hospitals here are after the city all the time as there is an immense bill against the city that the city has to send there down-and-out destitutes.

I hope both or all pensions will soon form some kind of relief to help the poor and aged and force the doctors to help charity. All stop and think a doctor charging you \$15 to \$25 for a physical exam just because he has put a speciality to his name.

Brothers, I do hope that my few words here will be of some help to cut out the dirty work of the doctors as they are doing and try to give the people a little service. I pray to our God for help.

Yours fraternally,

A. J. LAYMAN.

AREA REDEVELOPMENT—VETO

Mr. HUMPHREY. Mr. President, I deeply regret that the Senate did not override the President's veto of the so-called depressed areas bill. I had hoped to participate in that debate, but because of the limitations of time, this was not possible. The arguments which I heard advanced to sustain the Presidential veto only further convinced me that

there is an urgent need for the type of legislation which was passed in both Houses and sent to the President. It is my understanding that the so-called administration bill is before one of the committees of Congress, and I hope that that committee will act.

I hope that in the process of acting, it will add amendments which are a part of the bill that the President vetoed. I do not believe Congress should retreat 1 inch. I believe I have some personal knowledge from personal observation in several States of the Union as to the need for legislation along the lines of that we passed in Congress on two separate occasions, not this halfhearted, weak, and totally inadequate proposal advanced by the administration.

U.S. LEADERSHIP FOR PEACE—THE WORLD COURT

Mr. HUMPHREY. Mr. President, the Wichita, Kans., Morning Eagle has used the recent comments of an Indian diplomat to point up most effectively the basic contradiction between American statements and actions as the leader of efforts to secure peace with justice and the American failure to recognize the appropriate role of the World Court in this effort.

Mr. President I ask unanimous consent that an editorial from the Wichita Morning Eagle of May 9 1960 entitled "U.S. and World Court," be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

U.S. AND WORLD COURT

Indian Ambassador Chagla chides the United States for making a mockery of the International Court of Justice by restrictions on its jurisdictions. This refers to the so-called Connally amendment reserving to the United States the right to determine whether a dispute is essentially a domestic matter and not subject to adjudication by the World Court.

"You must not forget," said the Indian Ambassador, "that the United States claims to be the leader of the free world. She wants peace but peace with justice, and how can you ever have justice if the only forum which can settle international disputes is reduced to a humiliating position where it cannot entertain any disputes which ought to be properly decided by it?"

President Eisenhower, Vice President Nixon, the American Bar Association and many others have advocated repeal of this amendment. Senator HUBERT HUMPHREY, Democrat, of Minnesota, has a repeal resolution pending in the Senate. It is vigorously opposed by many powerful organizations as a surrender of U.S. sovereignty.

But the Indian diplomat is right in saying that the World Court will never amount to much until the United States, and all other nations supposedly adhering to it, use it as an instrument for the adjudication of international disputes. No doubt a few well publicized decisions by the court would accustom the peoples of many nations to the rulings of a body designed to promote world order.

RETENTION OF THE CONNALLY AMENDMENT—PRO AND CON

Mr. HUMPHREY. Mr. President, two distinguished American lawyers, both past presidents of the American Bar

Association, debated in the columns of the Christian Science Monitor of April 28, 1960, the question: "Should the Connally Amendment Be Retained?"

This exchange between Frank E. Holman, arguing for retention, and Charles S. Rhyne, arguing for repeal as called for in my proposal, Senate Resolution 94, is a great service to the responsible discussion of methods for peaceful settlement of disputes among nations. The participants and the Monitor are to be complimented on presenting it.

Mr. President, I ask unanimous consent that this most interesting and valuable debate be printed in the RECORD.

There being no objection, the text of the debate was ordered to be printed in the RECORD, as follows:

SHOULD THE CONNALLY AMENDMENT BE RETAINED?

(At the request of the Christian Science Monitor, two prominent American lawyers have agreed to present this written debate on the question of whether to retain the Connally amendment. This is the amendment which specifies that the jurisdiction of the International Court of Justice shall not apply "to matters * * * essentially within the domestic jurisdiction of the United States as determined by the United States." Both debaters are former presidents of the American Bar Association.)

ARGUMENTS FOR

(By Frank E. Holman)

Nature of the reservation

The United Nations Charter, in establishing a World Court, accorded it no compulsory jurisdiction except as each nation agrees in a "declaration" deposited with the Secretary-General. The U.S. declaration reserved the right to determine when a particular matter is domestic and hence not properly a subject of international control.

Domestic questions protected by the Connally reservation

Immigration: The reservation prevents the Court holding that the United States, contrary to its immigration laws, must absorb nationals from overpopulated areas—China, India and elsewhere.

Tariffs: Traditionally a domestic matter; yet this affects world commerce. Without the reservation, the Court could treat tariffs as international, and regulate them.

Offshore rights: These involve fisheries, oil and other natural resources. The Court could internationalize offshore rights, holding they should be shared with other nations.

Panama Canal: Its control is essential to the safety and welfare of the United States. We paid for it. Without the reservation, the Court could internationalize this strategic waterway.

Foreign aid: The World Court has jurisdiction over breaches of international obligation and the nature and extent of reparation. The United Nations Charter contains many humanitarian obligations—committing nations to promoting full employment and social and economic progress for all peoples of the world. Underdeveloped nations could complain we have not complied with such obligations, and the Court could grant reparations therefor.

It is said the Court can be trusted to treat such matters as domestic. This is unlikely, as demonstrated by the known activities of the Human Rights Commission.

Comparison between World Court and Commission on Human Rights

Actually, the World Court is not a court. No tribunal functions as a court where not bound or guided by definite rules of law. Formulating its own rules, it adjudicates ac-

cording to the individual concepts and national interests of its members.

The Court is only an international commission of 15 members—one each from United States, Great Britain, and Australia—others from United Arab Republic, Nationalist China, Greece, Poland, France, Mexico, Panama, Argentina, Uruguay, Norway, Pakistan, and the Soviet Union.

The Human Rights Commission also had one member each from the United States, Australia, and Great Britain. Like the Court, other members came from countries having different historical and legal backgrounds not fitting them to appreciate what, to us, is domestic rather than international in character.

Why should the Court approach matters differently than the Commission, whose members were likewise distinguished citizens of their respective countries—a number also able lawyers? The Commission reflected their differing historical and legal backgrounds so that, regardless of charter prohibitions (like art. 2, subpar. 7), against intervention in matters essentially within the domestic jurisdiction, they formulated various conventions violating such charter provisions. The Court, man for man and in the aggregate, represents no different ability or integrity than did the Human Rights Commission.

The difficulty is inherent in both instances. Nations like Pakistan, United Arab Republic, Greece, Lebanon, Poland, South American countries, and the Soviet Union are grounded in systems of law not fitting them to understand what to us is a domestic matter.

Among many unbelievable results in the Commission's deliberations was that, after 400 meetings, the majority refused to include in the Human Rights Covenant any provision recognizing the basic American right to own private property and be secure in its enjoyment against arbitrary seizure by government.

In connection with many other American concepts like freedom of speech and of press, a majority of the Commission, in formulating covenants, so little understood our concepts that these freedoms, rather than being recognized and protected, were highly restricted to conform to a common denominator agreeable to the political systems of other countries.

Violations of the letter and the spirit of the charter

At first, Americans believed the charter provisions sufficiently protected our control over our domestic affairs. Soon, disillusionment followed.

John P. Humphrey, Director of the Human Rights Commission, stated (January 1948) that the Commission proposed to establish a supernational supervision over the relationship of a state to its citizens—a matter "traditionally within the domestic jurisdiction of nations."

Moses Moskowitz, of the United Nations staff, stated (April 1949) that, under the official view, any matter becoming the subject of a U.N. convention or even of a resolution ceased to be a "matter essentially within the jurisdiction of a member state."

The Acheson State Department (Publication 3972) stated: "There is now no longer any real difference between domestic and foreign affairs."

Following such pronouncements, without the Connally reservation, named for its sponsor, former Senator Tom Connally, Democrat of Texas, why would the Court hesitate to hold that domestic affairs are international and hence subject to adjudication by the Court?

Favorite arguments for repeal of the Connally reservation

These arguments assert that in making and retaining the reservation, we are guilty of an unworthy act which is a disturbing factor